

Wenzhao Tao *Editor*

The US Policy Making Process for Post Cold War China

The Role of US Think Tanks and
Diplomacy

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Preface

Among many factors influencing American public policy, think tanks are undoubtedly an important one. Numerous think tanks exist in the United States, accounting for almost 30% of the total in the world. U.S. think tanks have comprehensive and deep influence on governmental policies in political, economic, social and diplomatic spheres. Because the United State practices two-party system, Democrats and Republicans change political appointees alternatively once coming to power, and think tanks serve as the “Revolving Door” for off-post officials. This mechanism is normal in the world politics, making think tanks more likely to play a unique and direct function in policymaking. Therefore, think tanks are even called a “shadow government” or “the fourth branch” of the government. Studies on think tanks start with their appearance at the very beginning in the United States as well as their development thereafter, with a rich literature. In China, studies on U.S. think tanks have become a hot issue over the past decade or so, as China needs to understand the United States and its policymaking, and learn from foreign experience, including American one, in order to develop our own think tanks and facilitate democratic and scientific policymaking. Some books and more papers are published.¹ These academic products have provided a good basis for this research project.

How to advance studies on American think tanks based on the abovementioned accomplishment is an issue this author considered earnestly while starting the research project. Most Chinese academia and the general public pay attention to what have happened in the United States: from the Tea Party to the occupation of Wall Street, from the subprime mortgage crisis to financial crisis, and from the Iraq War to the Afghanistan War. We have heatedly discussed whether the United States will decline, and have debated about the shift of American strategic focus from the West toward the East. Even an American movie could become a spotlight of the media for some period, such as “2012” and “*Wall Street Money Never*

¹Important works include: China Institutes of Contemporary International Relations, *meiguo sixiangku jiqi duihua zhengce* [*American Think Tanks and Their Tendencies in China Policy*] (Current Affairs Press, 2003); Wang Lili, *xuanzhuannmen—meiguo sixiangku yanjiu* [*The Revolving Door: A Study on American Think Tanks*] (National School of Administration Press, 2010).

Sleeps”.² In the end, what concerns the academia and public mostly is American policy toward China. This is quite natural, as the United States and its China policy is the most important external factor influencing China’s modernization process, and U.S. China policy is so complicated that one can always find evidences to support whatever description or argument he or she wants to make about it. Indeed, China-U.S. relations have experienced such a great and circuitous development since 1979 that it is appropriate to compare the changing relations with the Lushan Mountains that demonstrates a quite different picture from the different angle. Therefore, we decided to combine studies on American think tanks and U.S. China policy. This could be a cutting point to advance studies in these two areas.

This book divides U.S. China policy into several dimensions, including its policies on Taiwan, economic and trade, human rights, and environmental and energy. In addition, as U.S. China policy have been under debates over the past two decades and will continue be so in the years to come, this volume reserves a chapter to discuss China policy debates among U.S. think tanks.

Chapter 1 provides a comprehensive introduction of American think tanks, including the concept, origin, development, and basic features of think tanks recognized by the general public, such as independence, non-profit, nonpartisan (some think tanks do carry clear political inclinations, e.g., conservatives and liberals, though), devoting to studies on public policy and serving the government. This chapter also covers relations between think tanks and American social movements (such as the movements of human rights and anti-Vietnam War) and social thoughts, as well as the main means of think tanks in influencing governmental policymaking—offering new ideas, preparing experts (mainly through the “Revolve Door”), providing public forum for discussing foreign policy, serving as interpreters, wind vane and feeler of current policies, educating the public, bridging between the government and the public, serving as “track two” to advance international and intergovernmental relations through dialogue and discussion, etc. In addition, this chapter introduces 34 think tanks that have considerable influences on U.S. China policy. Scholars have different definitions of think tanks. Some of them are inclined to limit them to special research institutions on public policy. However, many important and influential China experts in the United States actually are affiliated with universities, studying U.S. China policy while engaging in teaching work. To exclude this group of people is inappropriate for conducting research on U.S. China policy. This book therefore understands think tanks more broadly and includes some important teaching institutions as research objects.

Chapter 2 concentrates on U.S. Taiwan policy and the influence of think tanks in this regard. The Taiwan issue is an important subject in China-U.S. relations. The core issues in the three communiqués between the two countries all involve Taiwan. “One China” policy is the political foundation of U.S. China policy. However, American one-China policy is different from one-China principle of the Chinese

²*Wall Street Money Never Sleeps* is a movie about Wall Street under the subprime mortgage crisis as well as financial crisis.

government. What are the common points and differences between one-China policy and one-China principle? A clear answer to this question is surely important in studying U.S. Taiwan policy and understanding its double-side nature. This chapter leaves one special section to discuss U.S. one-China policy and analyzes the challenge to it posted by American conservative think tanks. While U.S. Taiwan policy over the past three decades has not experienced a fundamental change in general, some adjustments under the different administrations did occur. Even with the same administration, Taiwan policy has shown different tendencies in its early and late periods. For example, Bill Clinton and George W. Bush both upgraded U.S.-Taiwan relations through policy adjustments in their early terms, but shifted to the direction of stabilizing one-China policy and opposing Taiwanese independence. This chapter elaborates the relations between U.S. policy adjustment and think tanks, which provide intellectual support for it. In particular, this chapter discusses in details the proposed “interim agreement” initiated by U.S. think tanks from the 1990s to this century and the reaction of think tanks against Chen Shui-bian scheme of *de jure* independence. In recent years, following the rise of China and the new development in China-U.S. relations, a voice appeared among American scholars demanding another round of review of U.S. Taiwan policy. This chapter will examine the new debate on Taiwan policy within think tanks.

Chapter 3 studies U.S. think tanks and their influences on American economic and trade policy to China, including main think tanks and important scholars that have policy influences, and the principal ways to exercise policy influence. In particular, this chapter examines the impact of think tanks on China’s most favorite nations (MFN) treatment, legislature on permanent normal trade relations (PNTR), and contemporary trade relations between the two countries. Back in the 1990s, the issue of the MFN treatment is one of the most controversial debates around American China policy. Different think tanks and scholars consecutively joined the debate and expressed various opinions. Their general inclination, though, is to support such a treatment. The legislature of PNTR at the turn of this century was a great breakthrough in the post-Cold War China-US relations with substantial significance. It was also the most important legislature in the second term of the Clinton administration. The administration supported this legislature with full mobilization, and the mainstream of the Republicans also supported it, even though different opinions did exist in Congress and the society. Think tanks played their functions in the legislative process. The success of this legislature demonstrates clearly that the consensus in improving US relations with China and developing bilateral trade ties has reached in the American society. This legislature is very important to China-U.S. relations in the new century. It does not mean, however, that the legislature can resolve all problems. In fact, many new problems have appeared after the swift development of the bilateral economic relations in recent years, including the issues of trade unbalance, the exchange rate of the RMB, protection of intellectual property rights and independent innovation. This chapter discusses various positions of think tanks on these issues.

Chapter 4 focuses on think tanks and the human rights issue between the United States and China. This issue has existed ever since the end of the Cold War, with

great changes over years. In the early 1990s, American policymakers put the human rights issue on the top position in the bilateral relations, considering it a policy option forcing China to change its policies and leadership style. Today, the human rights issue is only one dimension in China-U.S. relations, and not the most important one. Although the two countries still have disputes on it, both have realized that they should not allow this issue to bother their cooperation; the dispute should be handled based on the spirit of equality and mutual respect, even though the American side sometimes maintains a high profile. In the early 1990s, Washington understood human rights in a narrow sense. Later, more and more people from the political and academic circles in the United States agree to understand human rights in a broad sense. For them, the United States should not care about the minority of “political dissents” only, but pay attention to more comprehensive progress in democracy and the rule of law in China. This chapter also understands and elaborates the human rights issue from a broad sense. It introduces programs on China’s human rights, democracy and the rule of law conducted by American think tanks, discusses their impact on U.S. human rights policy to China, explores the role of think tanks in the Clinton administration’s final decision to adopt the policy of delinking the MFN from the human rights issue, and elaborate the debate on China’s human rights related to PNTR legislation. In the new century, the human rights issue is still a debatable one among American think tanks. Some consider it more as a cooperative area of the two countries, while others advocate a tough means against China. This chapter covers these various opinions.

Chapter 5 mainly deals with think tanks and American policy to China on environment and energy. Compared with issues discussed in the above chapters, this issue is relatively new. It just appeared in the late 1990s, but has become more and more important thereafter. It is the new growing point in China-U.S. cooperation, particularly since this century, with a strong momentum and broad future. However, the two countries do have disputes on the issue, and some are even fundamental, revealing different positions held by developed countries and new economic entities. This chapter elaborates China-U.S. cooperation and conflicts, and explores the impact of think tanks, which are divided on American environmental and energy policy to China. Generally speaking, they can be classified as “cooperators”, “worriers”, and “pushers”. Cooperators think common interests of the United States and China are more significant than disputes in responding to the challenge of climate to the mankind, and the two countries therefore should enhance cooperation. Worriers complain about the nontransparent energy policy and lack of enforcement in China as well as conceptual disparities between the two countries in energy and environmental security, advocating a two-hands policy. Pushers approach the issue from a strong Cold War mindset, believing China’s policy will necessarily harm American interest and therefore supporting a tough attitude toward China. This chapter comprehensively explores a series of legislative and executive measures of the U.S. government and various views of think tanks during the period from the Kyoto Protocol to the Post-Kyoto Protocol. It also discusses the impact of think tanks on U.S.-China strategic and economic dialogue

as well as their functions in promoting the Obama administration's "new green governance".

Chapter 6 is slightly different from the first five chapters. It does not devote to a specific dimension or issue in American China policy, but offers an overall review of China policy debate in the United States over the past two decades. The debate has never stopped since the end of the Cold War. In the early 1990s, an outstanding view in American political and academic circles was the argument of "China collapse", assuming China would follow the step of the Soviet Union. This of course did not occur. However, this tune has never disappeared. As China is facing some difficulties in economic development, with a declining tendency, the argument of China collapse has resurrected. However, the so-called China threat has become the main theme in the debate since the mid-1990s, including economic threat, military threat and the threat of China's developmental model. Although Chinese themselves have not enthusiastically advocated China's developmental model and even taken a reserved attitude toward it, American scholars are heatedly debating about it. Since the appearance of the theme of "responsible stakeholder", American think tanks again have evolved in the debate about whether China is a *responsible* stakeholder. It can be expected that American debates on the issue of China and the bilateral relations will continue throughout the long period of China's rise. Over years, scholars in the principal think tanks have elaborated their views and positions in a lot of discourses, with some institutions being very active. To understand this kind of debate can help us understand better how American people in different circles think about China's rise as well as U.S.-China relations.

The five areas covered above are not the complete picture of U.S. China policy, but they are considerably important ones, and intensively highlight the functions of think tanks, easier for us to make a relatively systemic and complete discussion. As far as American studies are concerned, the problem does not lie in that we have insufficient materials, but instead too much information in an "explosive" way. Despite our great efforts, the materials we have collected are not complete. We hope we can minimize the bias, however. Both think tanks and American China policy are changing. New circumstances appear when the book is published. It is our hope the publication of this book can provide one more step in approaching the dynamic studies of American think tanks.

After completing this research project, we have a further understanding of the complexity of China-U.S. relations. Sometimes we are inclined to stigmatize certain people or institutions in a simplified way, such as pro-China or anti-China. The reality is often more complicated, however. Some institutions or scholars could be inclined to enhance U.S.-China relations on some specific issues, while taking different positions on others. For example, the Heritage Foundation and American Enterprises Institute are famous conservative think tanks, and some scholars there have argued about China threat without any reservation, while advocating the advancement of U.S.-Taiwan ties and arms sales to the island and even challenging the one-China policy. Their position has not been changed. Nevertheless, during the debate on China's MFN trade status in the 1990s, scholars in these two think tanks principally supported its extension to China without any preconditions. This, of

course, is related to the free trade idea promoted by the Republicans, even though this is not the case for all Republicans.

As a Chinese saying going on, “people advertise what they are selling” (mai shenme yaohe shenme), this book of course emphasizes the importance of think tanks as it is aimed at studying their relations with U.S. China policy. This is not to say that think tanks are the most important factor or only think tanks are important. In fact, foreign policymaking in general and China policymaking in particular in the United States involve a very complicated process, which is an outcome of the relative equilibrium in a game played by various interest groups through mutual struggles, bargains, and compromises. We need to pay attention to the new ideas and views advanced by think tanks scholars on China policy, while understanding it is another issue whether these ideas and views will become policy and, if so, when. For example, in recent years, some scholars argued for a review of U.S. Taiwan policy. Should it really become a governmental policy, a long time would have been needed before the point.

A hot issue in contemporary Chinese academic circle is whether China and the United States can establish a new type of great power relations. Some scholars in both countries argue that China and the United States, as a *status quo* power and a rising power respectively, would unavoidably involve military conflict and strategic face off if they cannot unravel the logic of “political tragedy of great powers.” More scholars are not so pessimistic. For example, Henry Kissinger wrote an article titled “Conflict Is a Choice, Not a Necessity” in *Foreign Affairs* (March/April, 2012), arguing that U.S.-China relations are not a zero-sum game, and that a prosperous and strong China *per se* should not be presumed as a strategic failure of the United States. According to him, the history of U.S.-China relations over the past three decades is an unprecedented practice in the two countries’ foreign relations. Historically, the United States has never dealt with such a successfully rising power with different political system and culture background. Nor does China have the experience in dealing with a global power with a totally different outlook of the world. What Kissinger has mentioned is exactly the fact. Since 1979, China has developed within the existed international system without seeking to break or overthrow it. Meanwhile, the United States has also gained a great deal of benefits from China’s integration into the system. Although the bilateral relationship is not always smooth, but with occasional conflicts, contradictions and even struggles, the peaceful coexistence, interdependence and interest sharing of an existing super-power and swiftly rising power cannot be explained by any traditional international relations theories.

It is true that China and the United States lack strategically mutual trust on their disputes. As Kissinger argues, the simplest tactics are to defeat the potential adversary with more financial and material resources. However, he thinks it is unfeasible in the world today. It is unavoidable that both China and the United States will continue to present in the world. Each will pursue their own interest and cannot relegate their security to the other side. According to Kissinger, both parties need to consider the other party’s nightmare and realize that its own words as well as policies may increase the other party’s suspicion. In our words, both parties

should respect the other party's core interests and concern, considering the other party's feelings and possible reaction to its own policies and positions. This author believes that over years China and the United States have become a community with common interests and deep interdependence, and therefore cannot separate from each other, particularly in the economic sphere. Naturally, a new type of great power relations is a choice, just like mutual confrontation. If we can follow the first option, it will be the wellbeing for China, the United States, and the rest of the world. Otherwise, there will be a disaster for all of them. The history of mankind has entered the 21st century. China and the United States now have political wisdom to avoid disasters and realize equality, mutual trust, compromise, and cooperation.

Observers and the general public did not pay special attention to American elections in 2012. This indicates maturity of political attitude of Chinese people regarding American politics. U.S. elections are its domestic affairs, which are not the business of China. We cannot take care of it. During the elections, candidates may talk about China as an issue, "playing the China card." However, fundamentally speaking, the two American parties' China policies are about the same, and their differences are less significant. Just take the situation since the end of the Cold War as an example. China dealt with both Republican president and Democratic president, doing business with both moderates and conservatives/liberals. China-U.S. relations tend to have some problems immediately following power turnover between the two parties after elections, and the two countries need some time to smooth over and work out solutions. Nevertheless, Washington's China policy always swings back to the main track and the bilateral relations are destined to develop continuously. During the Bill Clinton and George W. Bush administrations, China-U.S. relations have both experienced "start low and go high" trends in their development. This is a good example. Washington's China policy cannot be dictated by personal delight or displeasure on the part of American politicians, but fundamentally decided by the common interests of the two countries. Any damage to China-U.S. relations will bring loss not only to Chinese interests, but also to American national interests. This has fully been approved by the past experiences.

This book is the final product of a principal project of Chinese Academy of Social Sciences, contributed by Hongxia Wei, Wenzhao Tao, Zheng Yuan, Xingqiang He, Hao Qian and Shengqi Wu for the six chapters, respectively, and compiled and edited by Tao in the final stage. During the completing stage of the project, Yuan Peng, Liu Xuecheng and Zhou Qi have provided valuable comments. Cao Hongju and Feng Bin of China Social Sciences Press have provided a lot of assistances in the publication process. This author is in debt to all of them. However, it is his own responsibilities for errors if any in the book.

Beijing, China
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Wenzhao Tao

Upon accomplishment of translation of this book, the dust of U.S. 2016 elections had settled town, with the victory of Donald Trump. This has resulted in uncertainty to both the United States and its relations with China. President Trump is not only a shrewd businessman driven by profit, but also a person with ideas of conservative populism. In addition to his various remarks—which should not be taken at their face value—during electoral campaigns, his appointments of forthcoming cabinet members over the past months has demonstrated his personalities. He intentionally recruited people with the same idea of him into the government, including the appointment of a famous populist on the trade issue, Peter Navarro, as the head of the newly-created National Trade Council, and make people smell out the flavor of trade war. Some senior policy advisers from conservative think tanks of the Republicans have crouched for more than ten years and now begun to stand up. It is indeed worrisome to allow these people to dominate Washington’s Taiwan policy. Recent events related to Taiwan, including the telephone talks between President-elect Trump and Ms. Tsia Ing-wen from Taiwan, and Trump’s remarks in the twitter that the United States does not necessarily need to be bound by the one-China policy, have revealed some persons behind the curtain to actively provide policy recommendation and service to Trump. One-China policy is the political foundation of China-U.S. relations. Any change to such a policy will not only harm the bilateral relations, but also carry very negative implications for cross-Taiwan Strait relations as well as domestic politics on the island. China-U.S. relations as well as the tendencies of American think tanks therefore deserve our close attention.

Beijing, China
January 2017

Wenzhao Tao

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Chapter 1

Brief Introduction of U.S. Think Tanks

Hongxia Wei

“Think tank,” as a specific term for organizations and institutions that engage in research of political, economic and diplomatic issues and provide policy recommendations to governments, became popular during the 1960s. It was gradually embedded into American political life as an integral part in the 1970s. A lot of think tanks have mushroomed since the 1980s. In the meantime, some other countries begun to follow the United States and established their own think tanks. A latest survey conducted by an American expert on think tanks, James G. McGann reveals that there are 6545 think tanks in the world, 1815 of them are found in the United States, accounting for nearly 30%.¹ With the development of the society, think tanks have undergone tremendous changes in their nature, types, research subjects, and ways of studies. People therefore believe that think tanks appear to be the fastest growing and most thriving “service industry.”² As the United States is the only hegemony internationally since the end of the Cold War, with increasing diversified political thoughts domestically, American think tanks have played a decisive role in domestic politics and foreign policy, engaging in public policy analyses and recommendations.

¹James G. McGann, “Think Tanks and Civil Societies Program,” University of Pennsylvania, January 23, 2012, <http://www.gotothinktank.com/wp-content/uploads/2012/01/2011-Global-Go-To-Think-Tanks-Report.pdf>.

²R. Kent Weaver, “The Changing World of Think Tanks,” *Political Science and Politics*, Vol. 22, No. 3 (September 1989), p. 563.

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1.1 Think Tank: Concept, Origins and Development

1.1.1 *The Concept of Think Tank*

The term “think tank,” according to Oxford English Dictionary (Supplementary Volume), first appeared in the years between the 19th and 20th century. In English slang, think tank refers to human brain. During World War I (WWI), think tank was used as a military term by American troops. It came into vogue during World War II (WWII), referring in particular to the backroom for discussion of military strategies and combat plans. In the 1950s, think tanks were first used to refer to research institutions that signed contracts with defense industry enterprises, such as the famous RAND Corporation.³ The concept was used widely during the 1960s when John F. Kennedy and Lyndon B. Johnson were in office. In the 1970s, it spread around the world and some foreign vocabularies were created in German and Japanese following the pronunciation of “think tank” in English.⁴ “Think tank” became a well-known concept in western political life.

With the establishment and development of various institutions tagged “think tanks,” however, controversies were triggered over explanations and definitions of this concept. Various academic works defined “think tank” differently; dictionaries even offered diverse explanations. The *Merriam Webster* published in the United States included this concept in 1959 with a definition: *an institute, corporation, or group organized for interdisciplinary research (as in technological and social problems)—called also think factory.*⁵ *Longman Modern English Dictionary* explained the concept as *a group of intellectual elite who think over important issues that have influence on society and scientific research, having abilities of consultancy and advisory.*⁶ American writer Paul Dickson published the first monograph *Think Tank* introducing the formation and development of American think tanks.⁷ His research objects included scientific laboratories and advisory organs, in addition to some policy and scientific research institutions.⁸ Harold Orlans in the following year published a book on nonprofit institutes titled *The Nonprofit Research Institute: Its Origin, Operations, Problems and Prospects.*⁹

³“Prologue” and “Notes” in James A. Smith, *The Idea Brokers: Think Tanks and the Rise of the New Policy Elite* (New York, NY: Free Press, 1991), p. xiii and p. 241.

⁴“Notes” in James A. Smith, *The Idea Brokers: Think Tanks and the Rise of the New Policy Elite*, p. 241.

⁵Available at <http://www.merriam-webster.com/dictionary/think%20tank>; also see <http://www.britannica.com/bps/dictionary?query=think%20tank>.

⁶Owen Watson ed., *Longman Modern English Dictionary*, printed and bound by Hazell Watson & Viney Ltd., England, 1968, p. 149.

⁷Paul Dickson, *Think Tanks* (New York: Atheneum, 1971).

⁸Diane Stone, *Capturing the Political Imagination: Think-Tank and the Policy Process* (Frank Cass, 1996), p. 10.

⁹Harold Orlans, *The Nonprofit Research Institute: Its Origin, Operations, Problems and Prospects* (New York: McGraw-Hill Book Company, 1972).

These two books can be thought as groundbreaking works on think tank research. Their studies have provided a conceptual framework for the term in a broad sense, i.e., “think tank” is an “independent and nonprofit policy research institute.” Dickson described the concept of think tank by comparing R&D organizations. He held the view that think tank is a permanent entity, but not a research group or committee organized temporarily for solving problems; it does not engage in traditional basic research, but functions as a bridge between “knowledge and power,” and between scientific research and decision-making. It is a strategic link between technological field and external world. A think tank should embrace talents from various disciplines and enjoy the freedom of choosing research subjects. Taking military radar technology for instance, Dickson illustrated that the research goal of think tank is not to help improve or advance some scientific technologies but capture the *policies* that guides people to utilize these technologies.¹⁰ Put differently, the purpose of think tanks is to serve policies other than technologies.

Successive researchers have made efforts to follow or break through the framework set by Dickson, refining the concept “think tank” with clearer and more detailed standards. Their efforts have backfired, evoking more debates. Nelson Polsby argues that “think tanks” are different from public policy research institutions that have follow-up research plans and exert periodical influences over policies; rather, purely think tanks allow researchers to make independent plans without worrying too much about their influences on policies.¹¹ Yehezkel Dror, a professor from Hebrew University of Jerusalem who once worked in the RAND Corporation, formulates a “think tank model” from the perspective of policy analysis. First, think tanks take interdisciplinary research as their mission. Second, they consist of 10–20 professional researchers. Third, those researchers should have made distinctive achievements. Fourth, researchers enjoy “the freedom of doing research.” Fifth, their research products should have an impact on policies.¹² Another two scholars Samantha Durst and James Thurber defined “think tank” with the following standards: nonprofit, funded by government, concentrated on research, of high academic quality, and independent.¹³

No consensus has reached to date in the academic circle on the “standards” of think tanks in the United States. According to these standards, many research institutions cannot be defined as “think tanks.” In 1991, James Smith in his book depicted the concept of U.S. think tanks as “private, nonprofit research groups that operate on the margins of this nation’s formal political processes. Situated between academic and social science and higher education, on the one hand, and government and partisan politics, on the other hand, think tanks provide a concrete focus

¹⁰Paul Dickson, *Think Tanks*, pp. 27–29.

¹¹Nelson Polsby, “Tanks But No Tanks,” *Public opinion*, April/May, pp. 14–16.

¹²Yehezkel Dror, “Required Breakthrough in Think Tanks,” *Policy Science*, Vol. 16, 1980, pp. 192–225.

¹³Samantha L. Durst and James A. Thurber, “Studying Washington Think Tanks: in Search of Definitions and Data,” Paper presented at the American Political Science Association Annual Meeting, Atlanta, Aug. 31–Sept. 3, 1989.

for exploring the changing role of the policy expert in American life.”¹⁴ McGann and Weaver had a similar view on this. They considered think tanks as important and independent policy research organizations, as opposed to government and other social groups such as companies, interest groups and political parties.¹⁵ Andrew Rich indicated in his work of 2004 that all previous definitions of think tanks were incorrect given their increasing development. He clearly defined think tanks as “independent, non-interest-based, nonprofit organizations that produce ideas and principally rely on expertise and ideas to obtain support and to influence the policymaking process.”¹⁶ Another definition of think tank could be found in an American political textbook *The Logic of American Politics*, referring it to some organization “hiring or funding experts to conduct research on some issues in public policies, publishing books and reports, and writing newspaper articles, or giving speeches to spread their research achievements.” In most cases, think tanks hold an obvious ideological tendency and their research findings reflect the value and interest of funders.¹⁷ Definitions as such focus on the characteristics and functions of think tanks in management and organization.

There is no consensus on the concept of think tanks among Chinese scholars; the concept is introduced into China from works of foreign scholars. For example, the authors of *American Think-tank and Their Attitudes toward China* published by China Institutes of Contemporary International Relations (CICIR) argued that American definition of think tanks is not suitable in defining Chinese ones. For them, “think tanks are independent and non-profit institutions which are centered at policy research and directly or indirectly serve government.”¹⁸

Even though scholars remain divided over views and standards of think tanks, one can find some generally recognized standards, such as being independent, non-profit, non-partisan, apolitical (being apolitical does not mean that think tanks do not hold political tendencies), devoting to public policy analysis, serving government decision-making, and so forth. These are typical characteristics of U.S. think tanks reflecting distinct American political and societal features.

It is worth noting that except for those think tanks named clearly as “institute” or “research center,” some think tanks are named as *foundations*. This is more conspicuous in the United States, such as the Carnegie Endowment for International Peace (the Carnegie thereafter), the Russell Sage Foundation, and the Heritage

¹⁴“Prologue” in James A. Smith, *The Idea Brokers: Think Tanks and the Rise of the New Policy Elite*, p. xiii.

¹⁵James G. McGann and R. Kent Weaver. *Think Tanks and Civil Societies: Catalysts for Ideas and Action* (New Jersey: Transaction Publishers, 2000), p. 5.

¹⁶Andrew Rich, *Think Tank, Public Policy, and the Politics of Expertise* (Cambridge: Cambridge University Press, 2004), pp. 10–11.

¹⁷Samuel Kernell and Gary C. Jacobson, *The Logic of American Politics*, 3rd edition (Washington, DC: Congressional Quarterly Press 2005), p. 517.

¹⁸China Institutes of Contemporary International Relations, *Meiguo sixiangku jiqi duihua qingxiang* [*American Think-tank and Their Attitudes toward China*] (Beijing: Current Affairs Press, 2003), pp. 4 and 9.

Foundation. Some think tanks are named as *corporations*, such as the RAND Corporation. This easily confuses think tanks with other various organizations in American society, such as charitable foundations, lobby firms for interest groups, and consultant companies. Among them, charitable foundations are most easily confused with think tanks. For example, the Carnegie and the Ford Foundation are both initiated and funded by big enterprises. The distinction between the Carnegie and the Ford is that the former has specific research plans to be implemented, with independence research products, while the latter usually just provides funding to relevant studies without involving in research directly; the Ford also sponsors other activities with public interest. Lobby firms generally decide research topics based on instant policy interest without considering fundamental political position. Sometimes it is difficult to distinguish these institutions from research institutions for policies. Consultant institutions are generally profit-oriented, and their research products do not open to the public.

Some other think tanks are named as “committee” or “council,” easily mistaken by people as governmental organization, such as the National Committee on America Foreign Policy (NCAFP), the Council on Foreign Relations (CFR) and the Atlantic Council. The distinction between them and governmental organizations is that they do not implement policies specifically, but just provide policy research and consultancy. In addition, some research institutes affiliated with universities are generally regarded as think tanks, such as the Fairbank Center for China Studies at Harvard University and the Hoover Institution at Stanford University.

1.1.2 The Origins and Development of Think Tanks

Scholars hold different views on the origins of think tanks due to their different perceptions of them. As in the case of American think tanks, Dickson, as the earliest American scholar publishing works on the subject, indicated that the Franklin Institute of Philadelphia during the 1830s was the earliest think tank because it contracted with the Ministry of Finance in 1832 to solve a problem of the steam generator of steamboats on a commission basis, which broke new ground for research institutes to provide government with advisory for resolving public issues.¹⁹ Dickson’s view has never been accepted extensively nevertheless since it provided only narrow concept of think tanks as “institutes providing government with solutions.” According to research by a historian, James Smith, the earliest think tank came into being when a group of American elites—such as officials, writers, correspondents, college teachers and scientists—gathered after the 1865 American Civil War in the parliament house of Massachusetts in Boston and discussed economic and social issues. They summed up the issues discussed in terms of “social sciences,” breaking the previously barriers among different professional

¹⁹Paul Dickson, *Think Tanks* (New York: Atheneum, 1971), p. 9.

fields. Later, the American Social Sciences Association, the American Economics Association and the American Political Science Association were founded one after another. The original intention of establishing these institutes was to apply social sciences approaches to ponder over how to push forward social reform and to find solutions of social and economic pitfalls brought about by scientific technology. These institutes can be considered as the earliest think tanks.²⁰ However, many of these institutes were running with membership system, in which members were not experts receiving rigorous social sciences training and many officials were involved. Thus, some people did not endorse the research by Smith. More researchers have held the standpoint that U.S. think tanks emerged as a political phenomenon during the period of American “progressivism” in the early 1900s. Studies of Dean Stone,²¹ Donald E. Abelson²² and Andrew Rich²³ deemed the Russell Sage Foundation as the earliest model of think tank.²⁴ McGann tended to believe that the “Institute for Government Research (IGR),” the now Brookings Institution (thereafter the Brookings), was the first independent organization committed itself to public policy research and was the origin of modern think tanks.²⁵

Most scholars accept the idea that American think tanks originated in 20th century based on the reason that although prestigious universities as Harvard University, John Hopkins University and the University of Chicago can provide research and analysis for government’s decision making and social problems, institutions dedicated to research rather than teaching were more suitable to use modern sciences to solve social, economic and political issues, as believed by philanthropists and decision makers during that period. Therefore, during the first 30 years of the 20th century, Robert Brookings, Andrew Carnegie, Herbert Hoover, John D. Rockefeller, and Margret Sachs established a substantial amount of think tanks that are still influential till now, such as the Sage Foundation (established in 1907), the Carnegie (established in 1910), Institute for Government Research (IGR, later the Brookings), the Hoover Institution on War, Revolution, and Peace, the National Bureau of Economic Research, and the CFR (established in 1921).

²⁰James A. Smith, *The Idea Brokers: Think Tanks and the Rise of the New Policy Elite* (New York, NY: Free Press, 1991), pp. 24–28.

²¹Diane Stone, *Capturing the Political Imagination: Think —Tanks and the Policy Process*, p. 18.

²²Donald E. Abelson, *Do Think Tanks Matter? — Assessing the Impact of Public Policy Institutes* (Montreal: McGill-Queens University Press, 2002), p. 22.

²³Andrew Rich, *Think Tanks, Public Policy, and the Politics of Expertise*, p. 34.

²⁴Dean Stone has categorized the Russell Sage Foundation into operating foundation. The famous Chinese scholar Zi Zhongyun too treated Russell Sage Foundation as operating foundation in her research on American foundations by arguing that this Foundation not only funding others to conduct research but itself is committing to doing research. See Zi Zhongyun, *Sancai zhidao: meiguo xiandai gongyi jijinhui shuping* [Money Distribution: Review of the U.S. Modern Public Welfare Foundation] (Shanghai: Shanghai People’s Publishing House, 2003), pp. 81–83.

²⁵James G. McGann, “Academics to Ideologues: A Brief History of the Public Policy Research Industry,” *Political Science and Politics*, Vol. 25, No. 4, December 1992.

Scholars possess different viewpoints on the history of think tanks and the way to divide its developmental stages due to their different views of the concept as well as the origins of the think tanks. Methods to divide different developmental stages of think tanks are based on their establishment and effectiveness during each time. This reflects that the generational evolution of think tanks is closely related to American domestic politics, the trend of social thoughts, and the development of world situation. Factors as scholars' living period, time of publication, and their ideas of the developmental stages of history may affect their standards in classifying developmental stages of think tanks. James Smith's publication in 1991 classified the development of American think tanks into three periods: the early 20th century, the mid 20th century and the 1970s–1980s.²⁶ With the subsequent development in the 1990s, some scholars have divided the development of think tanks into four phases. For example, McCann divides think tanks into 1900–1929, 1930–1959, 1960–1975 and 1976–1990 in his book published in 1995.²⁷ Abelson also divides the development of think tanks into four stages which he calls “wave” or “generation”: the first wave refers to policy research institutions (1900–1945); the second wave refers to government contracted institutions (1946–1970); the third wave refers to advocacy think tanks (1971–1989); and the fourth wave refers to legacy-based think tanks (1990–1998).²⁸ However, these research works were published at the end of 1990s and early 21st century when the research of targeted think tanks were established before 2000 rather than those founded later.

At the early 20th century, the appearance of think tanks in America was the outcome of industrial revolution and social thoughts of progressive period. The industrial revolution provided opportunities for commercial tycoons while caused extensive social problems domestically. In international domain, the United States began to be a major global power, which entitled the country to gain discourse power. Merchants' pursuit of profit and politicians' personal desire of redefining American position in the international system had become parts of political life. Although universities as Harvard University, Columbia University and the University of Chicago had become renowned ones, some philanthropists and decision makers believed that it is necessary to establish research institutions focusing on research instead of education to resolve social, economic and political issue through scientific studies.²⁹ Some outgoing presidents and entrepreneurs as Robert Brookings, Andrew Carnegie, Herbert Hoover, and John Rockefeller

²⁶James A. Smith, *The Idea Broken: Think Tanks and the Rise of the New Policy Elite*, pp. xiii–xiv.

²⁷James G. McCann, *Competition for Dollars, Scholars and Influence in the Public Policy Research Industry* (Lanham, MA: University Press of America, 1995).

²⁸Donald E. Abelson, *Do Think Tanks Matter?* pp. 22–36; Abelson, “Think Tank and U.S. Foreign Policy: A Historical Perspective,” *U.S. Foreign Policy Agenda*, Volume 7, Number 3, 2002, pp. 10–13.

²⁹Donald E. Abelson, *Do think Tanks Matter?* pp. 22–28; Andrew Rich, *Think Tanks, Public Policy and the Politics of Experience*, pp. 34–41; Warren I. Cohen, ed., *Cambridge History of American Foreign Relations*, Chinese edition translated by Wang Chen, Vol. II (Beijing: Xinhua Publishing House, 2004), pp. 9–27.

contributed or collected money to establish some non-profit institutions to resolve policy issues and promote public interest. As mentioned above, the Carnegie, the Brookings and other famous think tanks were founded during that period. Although established under various backgrounds, these think tanks all seek to do research on domestic and foreign policies to improve government's decision-making. Since most researchers were specialized in social sciences, their research products were always characterized with high academic standard. Meanwhile these think tanks were regarded as value-neutral. For example, Institute for Government Research as the predecessor of the Brookings made efforts to establish a nationwide budget system in the federal government and helped to pass Budget and Accounting Act of 1921. The establishment of the Carnegie and its efforts in promoting peace and conducting research on the subject are also value free. At that time, think tanks were motivated to employ scientific research products and method to help government solving problems. The driving forces for their establishment includes two aspects: firstly, some social elites wanted to contribute their own efforts to social reforms; secondly, some capitalists who had benefited from the existing corporate and political systems wanted to maintain and consolidate them, making them acceptable to the public.

From the late 1920s to 1950s, the development of think tanks was at a slower pace in terms of quantity. During that period, however, policymakers of the United States were confronted with more complicated domestic and foreign issues, and they began to rely on policy experts and left specific work, especially economic and diplomatic issues, to experts from think tanks and universities. For instance, Franklin Roosevelt founded a think tank made up of famous political scientists like Hans Morgenthau as the chief leader. Gradually think tanks became part of American political life and set up a bridge between intellectual and political domains. Meanwhile the relationship between scholars and policymakers became even more intimate, especially after World War II. "The United States is determined to lead the world... to create a world order that can advance American interest. So that the United States will not only advance its own wealth and power, but can also extend its values to any corner of the world ... to provide a leadership in creating a liberal international economic order."³⁰ From then on, some non-profit research institutions of policy consultancy with contracted governmental subsidies have begun to appear, and their research areas expanded into military and information domains, in addition to political and economic spheres. For example, the RAND Corporation and Center for Naval Analyses came into being for providing services on strategic systems of air force and navy, respectively. Government subsidies and think tanks' reputation had laid a solid foundation for their mushrooming later on.

In the 1960s, a large number of think tanks of social science research signed contracts with government, forming a phenomenon of "contracted" think tanks. For instance, the RAND was funded greatly by NASA to do research in the 1960s; the Urban Research Institute established in 1969 received support from U.S.

³⁰Warren I. Cohen, ed., *Cambridge History of American Foreign Relations*, p. 221.

Department of Health, Education, and Welfare (HEW).³¹ Although some think tanks failed to receive governmental subsidies when established, they began to get involved in the policymaking circle and then received support from the government. The Center for Strategic and International Studies (CSIS)³² was one of them. Think tanks have provided increasing consultant services to the government.

At the end of the 1960s, the U.S. government faced unprecedented challenges with questionable governing capacity, because of the rise of civil rights movement, American quagmire in the Vietnam War and U.S.-Soviet Cold War confrontation. Under these circumstances, think tanks began to play a more important role. Meanwhile, the funding source of think tanks became diversified as many foundations, companies and even individuals began to donate money to them. A lot of think tanks mushroomed in the 1970s and 1980s with various features and functions. The rise of Neo-conservatism contributed to the appearance of strong ideologies of think tanks.

Neo-Conservative movement was mainly stimulated by liberal intellectuals in the United States. American political system and social values were shocked in the 1960s by the human rights movement for the Blacks, movement against orthodox culture, labor movement, and anti-war movement. The American people felt even more threatened by the Soviet Union because of their quagmire in the Vietnam War. In view of domestic and foreign problems, some people began to reflect on the Cold War. While the left or central wings of intellectuals defended for the Soviet Union and revolutions in the third world, the rightists, being referred as “neo-conservatives,” called for the importance of maintaining consensus on the Cold War and warned against the danger of radical movement in home and the threat of the Soviet Union. The representatives of the neo-conservatives include Irving Kristol, Daniel Moynihan, Nathan Glazer and Daniel Bell. They had created journals to take up discourse domains and became highly influential academic elites, but staying within the circle of academe rather than policymaking. At that time, think tanks like American Enterprise Institute (AEI), the Heritage Foundation, and the Hudson Institute had either offered research positions or built close relations with neo-conservatives. The Heritage Foundation was famous for its conservative standpoint.

Conservative think tanks had their golden time when President Ronald Reagan came to power. Some big corporations and individual foundations related to national defense industries or petroleum business not only advocated for them, but also provided an immense amount of money. For example, the Heritage Foundation was supported mainly by Fred Koch Foundation, Lilly Foundation, John Olin Foundation, and Smith Richardson Foundation.³³ Among them, John Olin Foundation was established by John Olin who was a manufacturer of arms and ammunition. This Foundation spent \$35 million to support “neo-conservative or

³¹Andrew Rich, *Think Tanks, Public Policy, and the Politics of Expertise*, p. 63.

³²Donald E. Abelson, *Do Think Tanks Matter?* p. 29.

³³Andrew Rich, *Think Tanks, Public Policy, and Politics of Expertise*, p. 64.

free market research institutes.”³⁴ Think tanks receiving its support include the AEI, the CSIS, the CFR, the Heritage Foundation, the Hoover Institute, the Hudson Institute, Paul H. Nitze School of Advanced International Studies (SAIS) at the Johns Hopkins University, the Manhattan Institute and the Project for the New American Century (PNAC). The chairman of John Olin’s foundation was William Simon, former minister of Treasury of the Nixon administration. He was familiar with the “godfather” of neo-conservatism, Owen Christopher. They had devoted themselves to promoting the idea of neo-conservatism, training elites for think tanks, and building sophisticated network between academic and political areas. Michael Joyce, student of William Simon, became the chairman of the Lynde and Henry Bradley Foundation, which were considered as the largest and most influential rightist foundation. Joyce was almost regarded as the “Godfather” of neo-conservatives. Under his leadership, the Bradley Foundation began to promote systematically the ideas and plans of neo-conservatism. They not only financially supported neo-conservative think tanks including the AEI and the Hoover Institute, but also dedicated to founding new think tanks to play a special role for the rightwing projects.³⁵ Besides, the Smith Richardson Foundation (supported by pharmaceutical financial group of Vicks Vaporub) and the Sarah Scaife Foundation (supported by Mellon financial group of industry, petroleum and banking) were all important supporters of neo-conservative think tanks. The important private foundations—Olin, Bradley, Scaife, and Richardson—had concentrated their resources on neo-conservative institutions and was actually boosting the rise of the neo-conservatives hawks who dominated the U.S. defense and diplomacy policies during George W. Bush’s administration.³⁶

In addition to support from neo-conservative financial groups, new social development has provided conditions for creation and growth of think tanks. The increasing expansion of governmental machine has surpassed the capabilities of officials in handling business. Complexity of policymaking and timing of government response to public demand have increased the need for think tanks. Moreover, the application of information technology and diversification of media have made it easier for think tanks in finding ways to exercise influence and make themselves famous.

However, massive upsurge of the number of think tanks ironically brings about challenge to themselves in exercising influence and raising funds. After the end of the Cold War, the United States reduced support of some research projects on defense. Think tanks relying on governmental contracts, such as the RAND and

³⁴F. William Engdahl, *Armageddon: The Secret Agenda of Washington’s New Cold War*, Chinese edition translated by Lü Dehong, etc., titled *Baquan beihou: Meiguo quanfangwei zhudao zhanlue* (Beijing: Intellectual Property Publishing House, 2009), Appendix B.

³⁵F. William Engdahl, *Armageddon: The Secret Agenda of Washington’s New Cold War*, Appendix B. For a detailed introduction of Michael Joyce, see the web page at http://www.rightweb.irc-online.org/profile/Joyce_Michael_1942-2006.

³⁶F. William Engdahl, *Armageddon: The Secret Agenda of Washington’s New Cold War*, Appendix B.

Hudson Institute, confronted with financial challenge. The termination of funding support from some traditional big financial groups also created budget problems for them. For example, after the Ford Foundation ceased support of the Brookings in the end of 1970s, it had to adopt diversified fundraising to ensure adequate budget. It even began to accept individual donation, which accounted for 16% of its total budget in the mid-1990s.³⁷ Growing diversification of fundraising on the part of think tanks has brought great changes in their positions, functional types and management mechanism.

In brief, due to various conditions, new think tanks in the United States have almost increased in double. According to statistics of James MaGann in his research report, the number of new think tanks established in America since the early 1980s has accounted for 58% of the total number at present.³⁸

Compared with number of think tanks founded from the mid-1980s to the mid-1990s, the newly established ones since this century has greatly decreased in number. Two factors contribute to this phenomenon. First, earlier founded think tanks have been running very well and consolidate themselves. It is very difficult for the new think tanks to develop themselves and compete with the old ones in influence; they may even have problems in survival. Second, the reluctance of donators to give money has made fundraising more difficult. Even so, some think tanks are still newly founded or separated from the old ones, and become independent and influential.

The new think tanks have both generational features in the traditional sense and new opportunities. First, from the perspective of American domestic environment, the debate between conservatism and liberalism since the mid-1990s has provided a platform for think tanks to exercise their influence. For example, the PNAC created by the representative of conservatives William Kristol has its members almost belonging to neo-conservatives. Their argument of “American empire” and a series of viewpoints aimed to consolidate U.S. global leadership position have become the theoretic foundation of the George W. Bush administration’s unilateral foreign policy. Hence, this think tank has been deemed as the platform of neo-conservatives, almost shaping Bush’s policy in his first term.³⁹ Second, from the perspective of international environment, the need for anti-terror has increased the number of security issues, and climate and energy issues have been put on the front burner of world political agenda. These help new think tanks find out cutting point of their research easily, arousing attention and producing influence in the world. Third, the new think tanks can employ media to publicize their image and positions. Soon after their establishment, they promote media publicity through

³⁷Andrew Rich, *Think Tanks, Public Policy, and Politics of Expertise*, p. 65.

³⁸James G. McGann, *The Global “Go-To Think Tanks” 2009: The Leading Public Policy Research Organizations in the World* (Think Tanks and Civil Societies Program, University of Pennsylvania, 2010), p. 11, <http://www.docin.com/app/p?id=405625823>.

³⁹As Bush George W. Bush changed from unilateralism to multilateralism in foreign policy in his second term, the neo-conservatives gradually lost platform to exert their influence. The PNAC declared to disband in 2006.

mature teamwork, utilizing various media and information channels to influence the public opinion. For example, both the Center for American Progress (CAP) and the PNAC open special news column in their web, reporting their researchers' testimony before Congress, exposure in the media, appointment by the government, and recruitment of new famous figures. Many think tanks use web to expand their influences and release policy reports and recommendations. Some of them open special column to display their influence.

1.2 The Current State of Think Tanks

1.2.1 Brief Introduction of Contemporary U.S. Think Tanks

The tendency of think tanks trying to influence national policies and public opinions has become more obvious after the neo-conservatives intervened into their research agenda. This has resulted in a unique geographic distribution of think tanks in the United States, which are pouring into Washington D.C., the center for policymaking. Increasing new institutions establish themselves mainly in Washington and its surrounding areas. Some West coast-based think tanks also open office in the national political center.⁴⁰ According to the latest statistics, there are 1816 think tanks in the United States, of which more than 1000 are found in the Washington and its adjacent places such as New York, Virginia, New Jersey, Connecticut, Maryland, Rhode Island, Pennsylvania, and Massachusetts (see Table 1.1).

The rising momentum of think tanks in the United States has slowed down gradually since the dawn of the 21st century. However, some new think tanks were founded, and other new independent institutions were split from old ones. Some of them exert important influence on government policies. For example, the CAP established in 2003 has been offering advices for Barack Obama to organize his administrative team. This Center published a *Research Report on Nuclear Situation in 2009*, which analyzes the nuclear challenges the United States has confronted with and lists an agenda regarding the nuclear issue after Obama's coming into office.⁴¹ Many important news agencies and media such as *New York Times*, the Associated Press, and the CNN consensually believe that the report would exert great impact on the Obama administration's adjustment of its nuclear strategies and nuclear power development, and become policy guidance to build Obama's "new nuclear power." As suggested by the report, Obama put forward the nuclear disarmament strategies to create a nuclear free world on April 5, 2009 in Prague,

⁴⁰Peter Leeden, *A Guide to American Think Tanks*, Vol. 1, translated and compiled by Ye Zhang, see *Guowai shehui kexue* [Foreign Social Sciences], No. 10, 1987, p. 65.

⁴¹Andrew J. Grotto, Joseph Cirincione, "Orienting the 2009 Nuclear Posture Review: A Roadmap," http://www.americanprogress.org/issues/2008/11/nuclear_posture_review.html; full report is available at http://www.americanprogress.org/issues/2008/11/pdf/nuclear_posture.pdf.

Table 1.1 The geographic distributions of U.S. think tanks

Washington D.C.	393	Massachusetts	177
California	170	New York	144
Virginia	106	Illinois	55
Maryland	49	Texas	47
Connecticut	46	Pennsylvania	41
New Jersey	36	Florida	32
Michigan	31	Colorado	31
Georgia	29	Ohio	25
Minnesota	23	North Carolina	23
Washington	23	Wisconsin	22
Arizona	21	Indiana	21
Maine	20	Rhode Island	20
Tennessee	19	Missouri	18
Alabama	16	Kansas	16
Oregon	16	New Hampshire	13
Hawaii	12	Iowa	11
Kentucky	11	Louisiana	10
Mississippi	10	Arkansas	8
Montana	8	Oklahoma	8
Nebraska	7	New Mexico	7
Utah	7	South Carolina	6
West Virginia	6	South Dakota	5
Vermont	5	Idaho	4
Nevada	4	North Dakota	4
Alaska	3	Delaware	3

In total: 1816^a

Source James G. McGann, *The Global "Go-To Think Tanks" 2010: The Leading Public Policy Research Organizations in the World* (Tanks and Civil Societies Program, University of Pennsylvania, 2011), available at: <http://www.fpri.org/research/thinktanks/GlobalGoToThinkTanks2010.pdf>

^aAccording to the original table in McGann's book, the total number should be 1822, rather than 1816 (The translators' note)

finding a special chance to discuss the role of nuclear weapons in U.S. security policy and respond to the wishes of the majority people in the world calling for peace and stability.

1.2.2 Types of Think Tanks

The increasing number of think tanks since the 1970s has resulted in their diversified types. Experts studying think tanks have all tried to classify them according to different criteria. Kent Weaver of the Brookings classifies three types of think tanks

according to their research circumstances: “universities without students,” “contractors with the government,” and “advocacy tanks.”⁴² Think tanks affiliated with “universities without students” are only engaged with research work, writing academic papers and works, without teaching obligations. Their main tasks are to promote deeper understanding of social, economic and political issues. Their products are long research reports or books, with policy makers rather than students as their readers. The Hoover Institute at Stanford University and the Center for International Affairs at Harvard University belong to this type of think tanks. Think tanks based on contract with the government are generally focused on one special field. During the 1950s and the 1960s, the U.S. government sponsored or organized a lot of think tanks that provided political consultations on specific fields. The RAND and Urban Institute were two famous ones. Advocacy think tanks have appeared since the 1970s. They have strong tendencies in policies, partisan politics and ideologies, aiming to influence policy issues through political advocacy. Unlike think tanks affiliated with universities, this kind of think tanks usually provides briefings, rather than research products in long volumes. Research fellows in these think tanks often exercise influences on public opinion and policy through making media commentaries. The Heritage Foundations is one typical example. In addition, Weaver adds the policy club of think tanks to the list. This type of think tanks often combines government officials with people in different fields to discuss policy issues. The famous CFR is one of the typical clubs: its membership list covers almost all elites in different social stratus and special fields.

Donald Abelson sorted out the legacy-based think tanks that are created by retired government officials or presidents, such as the Carter Center. These think tanks usually inherit or repackage the ideas left over by their founders, and actively involve political initiatives and exercise influence by academic credentials.⁴³

James McGann specifies in details seven types of think tanks according to his long time research: diversified, specialized, contract/consulting, advocacy, policy enterprise, literary agent/publishing house, and state-based thinks.⁴⁴ In addition, he classifies think tanks according to their relations with other organizations, including partisan think tanks, such as the Progressive Policy Institute that is subject to Democratic Leadership Council (DLC); think tanks within governments, such as the Congressional Research Service; semi-governmental think tanks that is sponsored by the government but not subject to governmental departments, such as the Woodrow Wilson International Center for Scholars (WWC); think tanks with certain autonomy and independence, not relying on some interest groups nor subjecting to government, such as Institute of International Economy; think tanks of semi-independence without close relations with the government, obtaining funding from big enterprises or individuals, while deciding their research topics

⁴²R. Kent Weaver, “The Changing World of Think Tanks,” pp. 564–567.

⁴³Donald E. Abelson, *Do Think Tanks Matter?* p. 20.

⁴⁴*Ibid.*

independently, such as Center for National Defense Information; think tanks affiliated with universities, such as the Hoover Institute.⁴⁵

In classifying think tanks, some people make a distinction according to their policy positions as the standard. In fact, early think tanks were aimed to make recommendations on policy issues when they were first established, without preference of special policy positions. However, as think tanks become more specialized, they began to demonstrate their heavy ideological colors. The United States usually distinguishes political tendencies between conservatives and liberals, and calls those without clear political inclinations as centralists. Think tanks thus can also be classified as conservatives, liberals and centralists. Conservatives are in favor of free market economy and oppose government regulatory command. They advocate reduction of governmental expenditure and support assertive foreign policy and unilateralism by maintaining military supremacy and super power position of the United States. The representative think tanks in this regard are the Heritage Foundation, the AEI, the Hoover Institution, and the PNAC. Liberals stress social welfare and governmental functions, advocating governmental intervention in economic and social spheres. In the foreign policy area, they are inclined to internationalism and multilateralism, advocating disarmament, arms control, engagement and negotiation, and international cooperation. The representative think tanks are the Brookings and Economic Policy Institute. However, many think tanks in the United States have no clear policy position. Experts in the same think tanks may be liberal or conservative, and they may adhere to liberalism in some issues while embracing conservatism in other issues. The Carnegie is such a think tank. According to the statistics of Andrew Rich, this kind of think tanks accounted for about 43% in the mid-1990s.⁴⁶

Many scholars in China also attempt to classify American think tanks according to their origin, scale, source of funding and function.⁴⁷ However, any single method in classification actually cannot exactly describe all think tanks. Some methods are even meaningless. For example, using number of staffs as a criterion to distinguish think tanks is not appropriate.

In fact, as the number of US think tanks has dramatically increased since the 1980s, interactions among the various think tanks, government, people and media have increased accordingly. In particular, the running of the Internet and other new media since the 1990s has changed think tanks in terms of financing and selling of their policy positions. Several factors, including peer competition, complexity of

⁴⁵James G. McGann, "Think Tanks and the Transnationalization of Foreign Policy," *US Foreign Policy Agenda*, Vol. 7, No. 3, 2002, pp. 15–16.

⁴⁶Andrew Rich & R. Kent Weaver, "Think Tanks in the US Media," *The Harvard International Journal of Press/Politics*, Fall 2000, Vol. 5, Issue 4, p. 99.

⁴⁷Wu Tianyou and Fu Xi, eds., *Meiguo zhongyao sixiangku* [Main American Think Tanks] (Beijing: Current Affairs Press, 1982), preface; China Institute of Contemporary International Relations, *Meiguo sixiangku jiqi duihua qingxiang*, pp. 26–38; Wei Qiu and Qichang Wu, "Meiguo sixiangku de fenlei" [Classification of American Think Tanks], *Guoji ziliao xinxi* [International Materials and Information], No. 6, 2003.

world affairs and environmental change of American domestic politics, have motivated think tanks to pay attention to self-propaganda and strategic adjustment in expanding human network while studying policy issues, so that they can survive and exercise greater influence. Some think tanks have limited number of staffs but close to the policymaking circle, therefore exercise great influence on governmental policy, such as the PNAC. Some traditional big think tanks have gradually decreased their influence because of the change of financial source and losing of research fellows. For example, the RAND used to be famous for its impact U.S. military strategy but has decreased its influence on governmental policies in recent years as some leading researchers in foreign policy have left.

An outstanding phenomenon at present is the various sale strategies of think tanks aimed at increasing popularity, expanding influence, and obtaining funding. This has blurred the line between think tanks and nongovernmental organizations, interest groups and consulting companies. For example, experts in some think tanks have in recent years begun to participate in track II diplomatic dialogues to help resolve hot issues in global conflict.

1.3 Influences of Think Tanks on Foreign Policy

In general, policymaking process in the United States involves three steps: putting forward issues and policy ideas, preparing various schemes for choice, and making final decision. In this process, the most important one is to proposing issue, and “setting the agenda.” American political scientist Thomas Dye argues that in agenda setting, it is not the government but important social institutions and its upper level power-holding elites.⁴⁸ Think tanks are a part of the entity of social institutions. Andrew Rich argues that think tanks are very important in the initial stage before one issue has entered into the agenda of governmental policymaking, and continue to be important in the whole process of converting the issue into policy. Therefore, think tanks have fundamental influence in American political life.⁴⁹

1.3.1 Functions of Think Tanks

In the study of American think tanks, evaluation of their functions is one important part. Paul Dickson uses “power” to refer to the impact of think tanks: power has an indispensable function in resolving issues and analyzing policies that no one can doubt about and challenge it. The influence of think tanks on governmental

⁴⁸Li Dakui, *Meiguo zhengfu he zhengzhi* [American Government and Politics], Vol. II (Beijing: Commercial Press, 1999), pp. 544–545.

⁴⁹Andrew Rich, *Think Tanks, Public Policy, and the Politics of Expertise*, p. 153.

policymaking is so huge that they are called the shadow government or the fourth branch of the government.⁵⁰

Contemporary American think tanks have gradually grown up in the process that the United States has been ascending to the global leadership. Their influences on American foreign policy have been strengthened as the United States' involvement in world affairs is deepening. The influences of think tanks on American foreign policymaking are mainly reflected in the following dimensions:

First, think tanks provide new thinking and ideas to policymakers on world affairs. Think tanks usually make an analysis of one issue and provide the new idea, which can change policymakers' perception on U.S. national interest, influence their priority in policymaking, provide the roadmap in their actions, facilitate cooperation between political appointees and civil servants, and exercise impact on stipulation of persistent regulations.⁵¹ Richard Haass emphasized that the turn of history usually provides a wonderful opportunity for the birth of "new ideas." The publication of "The Clash of Civilizations" in *Foreign Affairs* in 1993 by Samuel Huntington, a political scientist at Harvard University, has aroused a debate on American foreign policy in the post-Cold War era. The thesis of "democratic peace" maintained by Bill Clinton came from an article titled "Kant, Liberal Legacies, and Foreign Affairs" by Michael Doyle, an associate professor of political science at Johns Hopkins University in 1983.⁵² After the September 11 incident, the CSIS, the Heritage Foundation, the PNAC, the Brookings, and other think tanks have all devoted their discussion to what strategies the government should take and what institutions should be established to respond to the terrorist threats both in home and abroad. The Bush administration's decision to have a war against Iraq was due to the influence of new conservatives in think tanks to a great degree. The PNAC organized 41 new conservatives to send an open letter to the president right after the September 11 incident, claiming regardless of whether the Iraq government had direct relations with the terrorists, the United States should "firmly get rid of the Saddam regime" in order to uproot terrorism.⁵³ Pentagon National Defense Committee Chair Richard Perle, former Central Intelligence Agency Director James Woolsey and others blamed Iraq had chemical and biological weapons and was developing nuclear weapons, and did their utmost to advocate—via articles, TV talks or open speeches—that the United States should attack Iraq militarily.

Second, think tanks provide experts to the government. In the United States, once the government changes leaderships, personnel in the middle and high levels of the administrative institutions will also change. Vacancies are often filled by experts and scholars from think tanks. Meanwhile, think tanks provide an

⁵⁰Paul Dickson, *Think Tanks*, p. 45.

⁵¹Richard N. Haass, "Think Tank and US Foreign Policy: A Policy-makers Perspective," *US Foreign Policy Agenda*, Vol. 7, No. 3, 2002, p. 5.

⁵²Michael W. Doyle, "Kant, Liberal Legacies, and Foreign Affairs," *Philosophy and Public Affairs*, Vol. 12, No. 3. (Summer, 1983), pp. 205–235.

⁵³"Letter to President Bush on the War on Terrorism," see <http://www.newamericancentury.org/Bushletter.htm>.

institutional environment for former government officials, making it possible for them to use information they collected previously in the government, continue to involve in debate on important diplomatic policy, and therefore constitute an informal constraints on foreign policymaking institutions. This is the “Revolving Door” phenomenon unique to the United States, which is regarded as the dynamic of American politics. To maintain and enlarge their policy influence, some think tanks intentionally cultivate experts to fill in governmental vacancies so as to better cooperate with the government. This was particular obvious during the Jimmy Carter, Ronald Reagan and George W. Bush administrations. During the Carter administration, more than 20 high-ranking officials came from think tanks. Among them, both National Security Advisor Zbigniew Brzezinski and Vice President Walter Mondale came from the Trilateral Committee; Brzezinski played a key role in the normalization process of China–U.S. relations. The national security advisor and several economic advisors to President Reagan came from the CSIS, the Hoover Institution and the AEI. George W. Bush, unfamiliar to international affairs, very eye-catchingly, relied on several high-ranking officials with backgrounds in think tanks (see Table 1.2). This phenomenon is even more striking after President Obama came to office, as many more of his cabinet members and officials came from think tanks (see Table 1.3). In fact, several experts from the CAP, the Brookings and Center for a New American Security (CNAS), etc., provided policy advice to Obama as early as the campaign period.

Third, some big think tanks provide public forum for scholars and government officials to discuss foreign policy. The most striking feature of the two-party system in the United States is that they usually represent two mutually confronted and

Table 1.2 Some members in George W. Bush’s administration and their think tanks backgrounds

Name	Position	Think tanks background
Condoleezza, Rice	Assistant to the President for National Security Affairs	Hoover Institution Stanford University
Paul Wolfowitz	Deputy Secretary of Defense	SAIS, Johns Hopkins University
Robert Zoellick	US Trade Representative	CSIS
John Bolton	Deputy Secretary of State	AEI
Lawrence Lindsey	Director of National Economic Council	AEI
Richard Haass	Director of Policy Planning, State Department	The Brookings
Peter Rodman	Assistant Secretary of Defense	Nixon Center
James Kelley	Assistant Secretary of State for East Asian and Pacific Affairs	Pacific Forum
Paula Dobriansky	Deputy Secretary of State	Heritage Foundation
Stephen Yates	National Security Advisor to Vice President	Heritage Foundation
Elaine L. Chao	Secretary of Labor Department	Heritage Foundation
Zalmay Khalilzad	Senior Director of National Security Council for Middle East Affairs	RAND Cooperation

Table 1.3 Some members in the Obama administration and their think tanks backgrounds

Name	Position	Think tanks background
James Steinberg	Executive Deputy Secretary of State	CNAS
Kurt Campbell	Assistant Secretary of State for East Asian and Pacific Affairs	CNAS
Michèle Flournoy	Deputy Secretary of Defense	CNAS
John Nagl		
Robert Kaplan		
Susan Rice		
Jeffrey Bader	Senior Director of National Security Council for Asian-Pacific Affairs	
Peter Orszag		
Eileen Chamberlain Donahoe		Center for International Security and Cooperation (CISC), Stanford University
Michael McFaul		CISC
Jeremy Weinstein	Senior Director for Development and Democracy, NSC	CISC
Paul Stockton	Assistant Secretary of Defense	CISC
Mariano-Florentino Cuéllar	Assistant to the President for Domestic Policy	CISC
Melody Barnes	Director of White House Domestic Policy Council	CAP
John Podesta	Director for Transitory Affairs for the Obama Administration	CAP
Denis McDonough	Depute Assistant to the President for National Security Affairs	CAP
Carol Browner	White House Coordinator for Energy and Environment Policy	CAP

contradictory groups on various issues in American society and engage in political games as well as checks and balances in the policymaking process. Some big think tanks often held conferences to provide a nonpartisan location for discussing public policy. For example, the CFR, the Carnegie, and the Brookings sponsored several hundreds conferences every year in New York City, Washington, DC, and other important cities nationwide. For American officials, they can voice new policy initiatives in the forum. In addition, some foreign high-ranking officials are often

invited to speak in the think tanks. Some think tanks have special programs as effective channels to communicate with U.S. departments of foreign policymaking.⁵⁴ For example, the CSIS set up a Statesman's Forum, inviting other foreign politicians to give speech.⁵⁵

Fourth, think tanks can serve as interpreter, wind vane and detector of current government policy. Whenever American foreign policy is to be adjusted, researchers of think tanks in the relevant sphere will hold seminars, appear in radio or TV stations, or write in newspapers and journals to introduce policy background, analyze the causes for change, make comments and offer proposals. In these activities, think tanks usually serve as an interpreter and wind vane for government foreign policy. When the government is going to make a new policy, it often release a signal through research reports and words of think tanks to observe domestic and international responses, which provide a reference for policymakers in the government. For example, in October 2009, the CFR published a special report on U.S. Asia policy titled *The United States in the New Asia*, written by former Deputy Assistant Secretary of State for Central South Asian Affairs Evan Feigenbaum and former policy advisor to Department of State and CFR Program director Robert Manning. Members of Advisor Committee to the report include twenty or so famous experts and retired officials, such as Joseph Nye, jr., Richard Armitage, and Douglas Paal. This report examines Asian regional architecture in the international order and highlights the rise of regionalism in Asia as a great challenge to American interest. It appeals the Obama administration to adjust its policy, which coincides perfectly with the administration's adjustment of its Asian-Pacific policy without previous consultation.⁵⁶

Fifth, to a great degree, think tanks play a function of educating public and public servants in the government, serving as a bridge between government and the public. In the post-Cold War era, international affairs have an increasing influence on the life of American ordinary people with globalization. In particular, in the wake of September 11, to prevent terrorist attack and ensure American people's safety in international and domestic travels has become a big issue related closely to American foreign policy. With the popularity of new media and the need for think tanks to spread over their views, more and more experts appear in the media. Their explanation of some issues can attract public attention to a great degree, thus playing the function of educating American people and help them understand the world they are living. Some think tanks take the advantage of Internet and adopt various flexible means to attract people especially youths to participate in discussion of foreign policy. This kind of discussion is not limited to Americans only but it also aims to attract youths in the world, thus helping communication between

⁵⁴Richard N. Haass, "Think Tank and U.S. Foreign Policy: A Policy-maker's Perspective," p. 8.

⁵⁵See <http://csis.org/program/statesmens-forum>.

⁵⁶Evan A. Feigenbaum and Robert A. Manning, *The United States in the New Asia*, November 2009, Council on Foreign Relations, <http://www.cfr.org/asia-and-pacific/ united-states-new-asia/p20446>.

American people and other countries in the world. For example, the Pacific Forum has a Young Leader Program.⁵⁷ When the forum has its academic meetings, young leaders are invited and can learn from other participants' insightful views. In the end of the discussion, young leaders are required to provide a summary, showing clearly what they have learnt from the forum. This method is obvious very helpful to the growth of young researchers. Some think tanks sponsor various seminars as universities do, inviting experts to talk about current international and domestic situation and inviting all participants to discuss. For example, the CSIS and the Brookings both have educational programs for special public policy, sponsor various seminars, provide opportunities for leaders in the public and private sectors for further study and discussion, particularly on the issues related to domestic politics, such as public administration and government reform, therefore helping newly-appointed officials to smoothly play their roles.⁵⁸

Sixth, some think tanks play the function of Track II diplomacy by promoting informal dialogue. For example, they organize dialogue on sensitive issues and serve as a third party mediator for parties in conflict, thus playing a more active role in foreign policy. The United States Institute of Peace (USIP) has long promoted such informal track II talks, while training American officials in mediating between long disputers.⁵⁹ From the 1980s on, the Carnegie has sponsored a series of conference to put together politicians, clergymen, businesspeople, labor representatives, scholars, exiled liberals, congressional members, and administration officials from the South Africa. This gathering has lasted for eight years, helping to establish a first dialogue on the country's future and form a consensus during the fragile period of political transition. The CSIS has also initiated a series of programs in improving ethnic relations, resolving conflicts and promoting dialogue. The NCAFP has established a track II dialogue with a Chinese academic delegation organized by the Taiwan Affairs Office (TAO) of the State Council since 2002. Each year one leader in the TAO takes the Chinese delegation to visit New York City to dialogue with American scholars, and the American side also organizes a visit to China. By May 2011, this mutual visits and academic discussion have been conducted 18 times. Such exchange have plays an active role in promoting mutual communication and understanding, particularly in their common efforts to oppose the secession force in Taiwan who wants to promote de jure independence of the island.

While the increasing complicated international affairs have provided opportunities for think tanks to participate in policymaking, their influence is constrained by various conditions. First, think tanks must spend a lot of time for fundraising and recruitment for their own survival. Second, policy reports of think tanks will not always catch the attention of policymakers. Third, their research products are not

⁵⁷See <http://csis.org/program/young-leaders-program>.

⁵⁸See <http://csis.org/program/csis-schieffer-school-dialogues>; <http://www.brookings.edu/execed.aspx>.

⁵⁹Richard N. Haass, "Think Tank and U.S. Foreign Policy: A Policy-maker's Perspective," p. 8.

always policy-oriented, with unclear policy influence of more basic and academic research. Fourth, the mushrooming of think tanks has undoubtedly increased the pressure of competition and diluted their influence.⁶⁰

1.3.2 Means of Think Tanks in Exercising Their Influence

The dynamic of think tanks for survival and development comes from the fact that their research products either are adopted by policymakers or lead to strong response among the public. As regard to foreign policy, whether their research products could be adopted depends on the need of American national interest. Most think tanks choose advocacy as a means to influence policymaking and public opinion. There are several means for them to increase influence.

First, by providing congressional testimony, think tanks convey their views to the government and therefore influence its policy. If the testimony is given to a committee with special influence, the opinion of the expert will easily arouse attention. The expert's oral testimony and written report will be recorded into congressional documents, and are often repeatedly quoted by media and academic circles. Testimony per se will also increase think tanks' reputation and policymakers' trust to them, providing powerful support for obtaining funding in the future. Some think tanks often put the testimonies of their experts on the web in order to show their influence.⁶¹

Second, think tanks often organize research groups on specific issues, hold luncheons and small seminars on policy, inviting government officials in different spheres to participate and having deep exchange with them, so as to exercise potential influence. For example, luncheons hosted by the CFR have often invited politicians and other influential figures to attend. Products of research groups are generally policy reports. In general, these reports will list the names of congressional members and government officials who have participated in discussion, and therefore increase the political weight of research products and enlarge influence.

Third, think tanks provide senior positions to retired officials, so that they can conduct research and give lecture based on the events they have experienced. Brookings' Center for Northeast Asian Studies director Richard Bush once served as chairman of American Institute in Taiwan (AIT), AEI Fellow James Lilley served as Taipei director of AIT, U.S. Ambassador to China, and assistant secretary of defense, and former Director of the State Department's Policy Planning Staff Richard Haass has alternatively served in National Security Council, Department of

⁶⁰Diane Stone, *Capturing the Political Imagination: Think Tanks and the Policy Process* (Portland OR: Frank Cass, 1996), pp. 221–222.

⁶¹See <http://www.brookings.edu/media/TestimonyList.aspx>; <http://www.rand.org/congress/testimony.html>; and <http://csis.org/testimony/csis-president-dr-john-hamres-capitol-hill-testimony-addresses-defense-procurement-policy>.

Defense, Department of State, Congressional Research Service, the Brookings, the CSIS, the CFR, and the Carnegie.

Fourth, experts of think tanks give speeches in universities and other institutions to expand their influence. Some senior experts often serve as “ambassador of liaison” between the think tank they work in and other institutions. In Washington, DC, many think tanks sponsor activities every week, inviting one or several experts to give a lecture on some issue. These activities will invite people from news media, interest groups and research institutions to participate. The sponsors of the activities will announce the events on the websites and even directly broadcast the events through the Internet. After the events, they may put the transcripts or radio/video materials on the website of the sponsoring think tanks. Besides, experts in think tanks may work as adjunct professors for teaching in some universities.

Fifth, most frequently, think tanks enhance their influence by publication and selling ideas in the Internet. Some popular think tanks, such the Brookings, the Heritage Foundation, and the AEI, publicize their views to various audiences via books, academic journals, magazines, and newsletters. For example, *Policy Review* issued by the Heritage Foundation often publishes commentaries written by conservatives. *Brookings Review* published by the Brookings, *American Enterprise* published by the AEI, and *American Outlook* published by the Hudson Institute also belong to commentary magazines. Unlike books, these magazines are strong in timing and effectiveness, and can provide timely analyses of current issues for policymakers and the public. For those policymakers with busy schedules, these publications can greatly save their time to find out necessary information and views that can be considered. Some think tanks publish special journals on foreign policy and provide them to universities and other academic institutions for reference. The more famous ones are *Foreign Affairs* published by the CFR and *Washington Quarterly* published by the CSIS. Many think tanks publish book and background briefings, make people understand their development and views, and some publish radio and video materials. For example, the Heritage Foundation publishes monthly radio/video abstract Monthly to accommodate interviews of its experts and speeches of famous figures. With the popularity of the Internet in the 1990s, almost all think tanks have their website, providing their information to the public, and some website can make a linkage to their databanks. In recent years, some think tanks open their blogs.⁶² Using Twitter to communicate with the public has become frequent means for the think tanks to expand their influence.

Fundraising is another means for think tanks to sell themselves to policymakers and the public. Manipulating the support of high-ranking policymakers to win the trust of the public is the way think tanks often use. For example, in 1982, under the request of the Heritage Foundation president Edwin Feulner, Edwin Meese III, the then special advisor to President Ronald Reagan and later appointed as Secretary of Justice, wrote a letter to the donors to the Foundation, promising them to join the presidential club in exchange for getting \$1000 for tax exemption. The advantage of

⁶²See <http://www.cfr.org/publication/blogs.html>; <http://blog.american.com/>.

joining the club is that they can meet high-ranking figures in the administration or Congress.⁶³

Seventh, the media is the most powerful means for think tanks to exercise their influence. By increasing the frequency of appearance in the media and citations of their experts' views in publications and broadcasting, think tanks attempt to create an important influential image among the public. In the Brookings, the Carnegie and other influential think tanks, media and research departments work especially close, almost providing a package of service from planning research projects, creating a favorable atmosphere for them to final publishing. Some think tanks encourage their fellows to make commentaries in radio or TV programs, publish articles in newspaper column, and accept interviews by the mainstream media to expand their influence. By doing so, experts can bring much greater influence of the think tanks among the public than giving testimonies on Congress or handing in research reports, because it means that the think tank has chances to influence public opinion and therefore policymaking process.⁶⁴

1.4 Main Think Tanks and Their Tendencies in China Policy

1.4.1 *American Enterprise Institute for Public Policy Research (AEI)*

The AEI is located in Washington, DC and established in 1943. Its predecessor was American Enterprise Association. Its early research focus was economy, advocating enterprise interest and market freedom to U.S. Congress and the administration. It is therefore regarded as the beginner of think tanks with a clear political tendency.⁶⁵ Its research areas and influence has increased and become an influential research institute since the 1970s. The AEI is one of the main battlefields for new conservatives to advocate their ideas and exercise influence, even being recognized by the public as the headquarters of new conservatives. Its research resident fellows include several active new-conservatives, such as Jeane Kirkpatrick, Richard Perle, Michael Ledeen, Joshua Muravchik, Thomas Donnelly, Michael Novak, and Reuel Marc Gerecht. John Bolton once served as AEI senior vice president for public policy research. Bolton took important positions in the administrations of Ronald Reagan, George Bush and George W. Bush. In the early 1980s, Bolton served first as general counsel and then Assistant administrator for program and policy coordination at the United States Agency for International Development (USAID). After George Bush was elected as president, he served as Assistant Secretary for

⁶³Donald E. Abelson, *Do Think Tanks Matter?* p. 78.

⁶⁴Donald E. Abelson, *Do Think Tanks Matter?* p. 82.

⁶⁵Andrew Rich, *Think Tanks, Public Policy, and the Politics of Expertise*, pp. 205–206.

International Organization Affairs at the Department of State, working closely with the then Secretary of State James Baker A. III, enabling the United States to establish an alliance with European and Arabic countries against the Saddam regime of Iraq. Since then, he has become an important figure in American foreign policymaking and policy enforcement. During the Clinton administration, Bolton left the government and came back to the AEI. When George W. Bush came to office, Bolton served as the Under Secretary of State for Arms Control and International Security. During the second term of George W. Bush, he served as U.S. ambassador to the United Nations. Bolton is one of the representatives of American conservatives in the political circle, adhering to unilateralism and hard foreign policy. Not only is he suspicious to American allies in Europe and Asia, believing them will not support U.S. foreign policy, but he also disregards the role of the United Nations, often making offensive remarks of it. Another important member in the George W. Bush administration, Paul Wolfowitz entered into the AEI in 2007.

The current research areas of the AEI include economic policy, diplomatic and defense policy, law, society and culture, and politics. Its studies on China are mainly located in the Asia and the Pacific program within the area of diplomatic and defense policy. This program sponsors seminars on Asian security, trade, economic development, and human rights and publishes relevant reports and books. In recent years, the AEI's major concern about China is its challenge to the United States.⁶⁶ It has published a series of books and reports on China, including *China's Financial Transition at a Crossroads* (2007), *The Challenge of China's Growth* (2007), *The Rise of China* (2009), *Good Feeling for China at A Tipping Point* (2010), and *Why Tocqueville on China* (2010). The AEI has also published several magazines, such as *American Enterprises*, *Public Opinion*, *AEI Foreign Policy and Defense Review* as well as various reports and booklets.

1.4.2 Asia-Pacific Center for Security Studies (APCSS)

The APCSS is established on September 4, 1995 and located in Honolulu, Hawaii. As a think tank with a relatively short history, it is funded by U.S. Department of Defense and responsible directly to the U.S. Pacific Command. It is few institutions funded by U.S. government. On September 30, 1994, President Clinton signed the No. 4650 Congressional Resolution that authorizes the establishment of the APCSS. The Clinton administration later appropriated \$300 million to the Center. The aim of the APCSS is to promote bilateral military relations between the U.S. Pacific Command and American allies in the Asian-Pacific region, and have multilateral contacts with them on regional security so as to increase understanding and advance cooperation. The APCSS also provide a forum for people from different

⁶⁶See <http://www.aei.org/ra/19>.

countries to exchange opinions on military, economic, governmental, diplomatic, and regional security issues from the non-warfare perspective.

The Center's research and activities are majorly around the Asia-Pacific security. Main activities include training high-ranking officers and officials from countries in that region and convening academic seminars on Asia-Pacific security. Training is the most representative activity of the center, focusing on cultivating officials from military and security departments of 45 countries in Asia-Pacific, including the United States. The focal points of the courses are the implication of changing situation in the region and the evolution of military functions and capacities. In addition, the Center has conducted research on the issue of Asia-Pacific security.

The APCSS consists of three divisions, College of Security Studies, Publications Program, and Workshop Program. The College of Security Studies is responsible for training course, Publications Program is mainly responsible for research and analysis on important Asia-Pacific security issues, and Workshop Program is in charge of seminars. The APCSS's main publications are *Special Assessment Series*, *Asia Pacific Security Study Series*, *Occasional Paper Series* and *Monographs*.

The Center's training program usually excludes Taiwanese personnel from participation while accommodating mainlanders. It was because of the opinion from U.S. Department of Defense in the end of 2001 that Taiwanese were first invited to the Center's training course in 2002. Still, the Center intentionally prevents the trainees from the two sides of the Taiwan Strait from attending the same term class. Among the workshops frequently sponsored by the Center, Taiwan is one central issue. Former U.S. Secretary of Defense William Perry and President of Association for Relations across the Taiwan Strait Wang Daohan participated in a workshop on U.S.-China Military Relations in 1998. In 2002, the Center convened a seminar on the Impact of the 2001 Elections in Taiwan on U.S.-China Relations. According to reportage at that time, the Center had simply become a track II platform for discussing the Taiwan Strait affairs.

1.4.3 Atlantic Council of the United States

The Atlantic Council is established in 1961 and located in Washington, DC. Founded by late U.S. Secretary of State Christian Herter and Dean Gooderham Acheson, its initial aim was mainly to maintain close relations between American and European policymakers and serve as a bridge linking the United States to Europe.⁶⁷ Meanwhile, the Council also published policy reports and academic works. Later, the Council's research interests expanded beyond America-Europe relations to include studies on Asia, regional issues, and energy and environment. The Council has a program for Cross-Atlantic Young Leaders Exchange.

⁶⁷Melvin Small, "The Atlantic Council—The Early Years," Prepared for NATO as a report related to a Research Fellowship, 1 June 1998.

Brent Scowcroft, former U.S. National Security Advisor and retired Air Force Lieutenant General, and James Jones, former Commander of United States European Command and Commandant of the U.S. Marine Corps, have served as chairman of the Council. When President Obama took office, James Jones was appointed as his first National Security Advisor.⁶⁸

The Council began studying China and looking ahead U.S. China policy in the early 1980s. It deals with China within Asian area studies under the Atlantic-Pacific Program. Its research reports on China, including *U.S.-China Relations over Ten Years* (1982) and *United States and China: Relations at a Crossroad* (1995), have considerable influence on improving China-U.S. relations. The latter reflects the Council's views of Taiwan. It argues that the American government and unofficial figures should stop Taiwan from realizing independence, because Taiwanese de jure independence, once realized, would bring about a disastrous outcome. Only when domestic forces in both sides of the Taiwan Strait have not departed from their current policies too much, can the United States continue to maintain its policy of balance. The report also argues that in addition to selling Taiwan defensive weapons according to the Taiwan Relations Act (TRA), the United States should encourage the two sides to take confidence-building measures (CBM). For example, each side should notify the other the time of military drill, allow for observers from the other side during the drill, promote transparency of military resources, set up hotlines, and have academic exchanges on the issues concerning their interests in the international arena.

Since 1992, the Council has organized American retired generals for group-visit of the Chinese mainland and Taiwan several times. After a delegation of former officials of military and national defense policy visited the two sides of the Taiwan Strait from January 5 to 12, 2002, it issued a report in September of the same year titled *Staying the Course: Opportunities and Limitations in US-China Relations*, *Committee on Security Issues in the US.-China Relationship* written by General (Ret.) Jack N. Merritt. It argues that the American government should make it clear to the Chinese mainland that Washington will continue arms sales to Taiwan according to the TRA, and will react if the mainland coerces Taiwan; that Washington continue to support one-China policy, insisting on its position of peaceful settlement of the Taiwan issue. It also argues that the American government should make it clear to Taiwan that the precondition for U.S. support of Taiwan is the island avoids provoking cross-strait relations and causing tension and that the United States does not support Taiwan's unilateral declaration of independence from the mainland.

The Council has a program on Global Strategic Outlook, which contains the US-China Joint Assessment of Long-term Global Trends Project, directed by Banming Garrett. Within the project, a panel of experts from China work with their American counterpart, discussing issues on global development and China-U.S. relations and producing final reports.

⁶⁸See <http://www.acus.org/users/james-jones>.

1.4.4 The Brookings Institution

The Brookings is located in Washington, DC. It is a think tank with a long history. Its predecessor is the Institute for Government Research founded by Robert Brookings, chair of Board of Trustees, University of Washington at St. Louis, which was the first private organization conducting public policy research. In 1922 and 1924, Brookings again founded the Institute of Economics and the Robert Brookings Graduate School. The three units were merged into the Brookings in 1927.

In its early research, the Brookings focuses on domestic economy, government administration, and social issues. Its economists participated in the work of drafting legislature for establishing U.S. Bureau of the Budget. After World War II, experts in the Brookings expanded their research areas and exerted considerable influence on American domestic and foreign policies. Leo Paslovsky, an expert directing the Brookings' International Studies Program, submitted a report on the Marshall Plan, whose policy recommendation was adopted by the government.⁶⁹ Paslovsky also made a policy recommendation to the Roosevelt administration for creating the United Nations.

The current president of the Brookings is Strobe Talbott, who served as Deputy Secretary of State in the Clinton administration. Historically, the Brookings had a close relationship with Democrats, with an emphasis on outputting liberal ideas while claiming its research has "no ideological color." The Brookings pays a great attention to studies on U.S. China policy. Its China studies were conducted in the Center for East Asia Policy Studies. Established in 1998, this Center is relatively young compared with the long history of the Brookings. Former U.S. Ambassador Steplton Roy is the chair of the Center's Advisory Committee. Famous China experts, such as Harry Harding and Bates Gill once served as the director of the Center. Its current director is Richard Bush.

As China studies have become a hot issue in recent years, the Brookings established John L. Thornton China Center in 2006. This is the first center focusing on one specific country since the Brookings was founded 90 years ago, highlighting the importance of China studies for the Institution. The China Center enjoys a plentiful budget, about \$3 million per year. John Thornton, chair of the board of trustees of the Brookings, promised to donate \$2.5 million to the Center per year, with a total of \$12.5 million in five years. When the Center was established in 2006, it had four senior fellows, including Jing Huang, Cheng Li, Wing Thyee Woo and most importantly, Jeffery Bader who left the Center and served as National Security Council Senior Director for Asian-Pacific Affairs from January 2009 to April 2011. Kenneth Lieberthal, who also served as National Security Council Senior Director for Asian-Pacific Affairs during the Clinton administration, then succeeded Bader as the director while Jing Huang left. Under Lieberthal's leadership, the Center had several senior fellows, including Cheng Li, Wing Thyee Woo (nonresident), Erica

⁶⁹See <http://www.brookings.edu/about/History/marshallplan.aspx>.

Downs (energy expert), Jonathan Pollack (China and North Korea expert), and former Deputy Assistant Secretary of State for East Asian and Pacific Affairs Thomas Christensen (nonresident). The current director of the Center is Cheng Li.

Thornton explained his original idea of establishing the China Center when he was interviewed. According to him, the rise of China is the most important event in our times in terms of geopolitics. Policymakers in Washington should deeply understand what has happened within China and the cause for it. However, Washington often lacks of understanding of it.⁷⁰ Brookings president Strobe Talbott also mentioned that the mission of the China Center is to understand and study what is happening in China. In particular, the China Center should watch what functions and influences China will have in the 21st century as a political and economic power, and provide policy analyses and recommendations to policymakers in the United States and China.⁷¹

The Thornton China Center has cooperated with Tsinghua University to set up the Brookings-Tsinghua Center in Beijing, affiliated with School of Public Policy and Management of the university. The Brookings-Tsinghua Center devotes itself to Chinese public policy studies and has successfully organized several academic conferences, open lectures, close-door forums and other activities.

The Brookings is the typical “Revolving Door” in American politics. Taking the two terms of the Clinton administration as example, more than twenty Brookings fellows once served in the government. After President Obama came to office, several Brookings fellows entered the government (see Table 1.3). As regards to China studies, a group of influential China hands have appeared from the Brookings, such as Kenneth Lieberthal, Harry Harding, Richard Bush, Robert Suettinger, David Shampbaugh, Nicholas Lardy, Bates Gill, and Jeffery Bader.

Unlike other think tanks, the Brookings defines itself as an educational institution, as can be seen from its website address.⁷² In addition to its activities in studies on economy, foreign policy and governance via various research programs, public policy education and the Brookings Institution Press are two important pillars supporting its activities.

1.4.5 *Carnegie Endowment for International Peace*

The Carnegie is located in Washington, DC and founded in 1910. It is the earliest think tank with great influence. Its position is tilted to internationalism and multilateralism, belonging to the typical centralists. The research focus of the Carnegie

⁷⁰Li Xuejun, “Meiguo zhiku bixu lijie he yanjiu zhongguo zhengzai fasheng de yiqie” [American Think Tanks Should Understand and Study What is Happening in China], *Xinhuanet*, November 9, 2006 http://news.xinhuanet.com/world/2006-11/09/content_5309614.htm.

⁷¹Ibid.

⁷²Its website is registered as an educational institution: www.brookings.edu.

is international affairs and American foreign policy. It is the first institution for public education in the world, aimed at studying peace and world affairs. The influential journal *Foreign Policy* used to belong to the Carnegie. Its current president is Jessica Mathews, who once served as Director of the Office of Global Issues of the National Security Council and deputy to the Undersecretary of State for Global Affairs.

Currently, this think tank has nine research programs, covering Asia, Middle East, South Asia, Central Asia, Russia and Euro-Asia, nuclear nonproliferation, energy and climate, international economy, and democracy and rule of law. The Carnegie has Junior Fellow Program, recruiting university graduates as research assistants for famous experts. After one year, these junior fellows can have a new choice for employers. Actually, this is a special training mechanism. As the Carnegie aims to promote international peace, both Elihu Root (its first president) and Nicholas Murray Butler have both won the Nobel Peace Prize.

The Carnegie made efforts to combine research with practical action from the very beginning. It studied the roots and impact of war, promoted the development of international law and resolution of global disputes, and advanced international understanding and cooperation. It also established a consultative committee of the European Center in Paris. The breaking out of World War I made many internationalists lose their faith. However, the Carnegie continued to insist on international conciliation and financed post-war reconstruction in Europe. It established the Hague Academy of International Law and published 150 volumes of works on wartime economy and political roots of war. During the period when Butler served as president, the Carnegie devoted a lot of resource, trying to figure out and influence public opinion. This made the Carnegie an important policy research institution respected by the people in the United States.⁷³

Over its history of one century, the Carnegie provided a lot of creative ideas with policy influence. President Butler promoted the signing of Pact of Paris in 1928, therefore winning himself the Nobel Peace Prize. In 1944, the Carnegie published the work of Raphael Lemkin. In the book, Lemkin combined the Greek stem *geno-* (meaning “tribe” or “race”) and the Latin suffix *cide* (to kill) to create the word genocide, which was consequently included in the concepts of international law. In the 1970s when think tanks mushroomed in the United States, the Carnegie first recruited retired government officials to do research. From 1980 on, it encouraged and helped its associates to create several influential think tanks, such as the Peterson Institute for International Economics, Stimson Center, Migration Policy Institute and Center of Global Development.

The most striking research program of the Carnegie is on nuclear nonproliferation. The Carnegie not only devotes itself to the studies of the issue but also makes persistent efforts in the world in practice by participating in negotiation process of nuclear nonproliferation and training journalists and government officials in the related spheres. The Carnegie’s Nuclear Nonproliferation Program has close

⁷³See the Carnegie’s centennial memorial handbook, *100 Years of Impact* (2011), p. 32.

relations with some nuclear nonproliferation organizations like Arms Control Association. On the North Korean nuclear issue, Carnegie expert Selig Harrison has made great efforts over the past years. Before former U.S. President Jimmy Carter visited Pyongyang to sign The DPRK nuclear issue framework agreement with the North Korean government in June 1994, Harrison had met Kim Jong II and communicated with him on the issue. In 1999, Harrison escorted a delegation of North Korean personnel to visit America and communicate with their counterparts in the United States.

In 1994, the Carnegie created its Moscow Center, initiated a brand new idea by practice: To become a think tank with an important mission of contributing to global security, stability, and prosperity and having permanent branches in the world to conduct core works from a transnational perspective.⁷⁴ The idea is aimed to advance the Carnegie onto a global think tank with international influence. In 2004, the Carnegie set up its Beijing office for the first time. In 2010, it announced its partnership with Tsinghua University. Currently, the Carnegie has its branch centers in Beirut, Brussels, and Beijing.

The China Program is an important project in the Carnegie, subject to Asia Program. The director of Asia Program is Carnegie vice president and former AIT Taipei Office Director Douglas Paal. The China Program aims to advocate China's domestic reform and development and conduct studies on U.S.-China relations, directed by Yaping Wang, a Chinese American and China expert. In recent years, the Carnegie has established comprehensive relations with Chinese research institutions and conducted a lot of research. It has opened a Chinese website and issued a Chinese journal, *Carnegie China Insight Monthly*. The views of the journal are based on the analyses of experts in the Carnegie as well as other outstanding ones. The electronic journal has gradually expanded its influence, with widespread citations and reproduction of its articles.

1.4.6 The Carter Center

Located in Alexander, Georgia, the center was established by former U.S. President Jimmy Carter in 1982, and is a typical legacy-based think tank. The Carter Center mainly strives for promoting resolutions of international conflicts, advancing democracy and human rights, and relieving poverty, hunger and disease in developing countries. The center's funding mainly comes from donations from individuals, foundations, and enterprises. The Carter Center now has about 150 staffs. Since its establishment 20 years ago, President Carter has led the Center's staffs to actively engage in every corner of the world, dispatching observers to watch over elections, persuading conflicting parties to stop fighting and seeking peace, and

⁷⁴See <http://chinese.carnegieendowment.org/about/>.

comprehensively promoting democratic process and economic cooperation. Emory University in Atlanta City has been always the collaborator of the Center.

Currently, the Carter Center has programs on democracy, human rights, conflict resolution, the Western Hemisphere states, and China. The China Program is the important one in the Center. Its major concern is China's grassroots elections and the Internet information. In 2002, the Center worked together with Renmin University of China Institute of Comparative International Politics and Economy to jointly open China Elections and Governance Online, in both Chinese and English. The web has several columns, including electoral system, local governance, laws and regulations, news, electoral statistics, theoretic discussion, relevant books and materials, elections abroad, and works of people's congress. Its contents cover instant news report and commentary, discussion of China's electoral & governing systems and theory, and observations on Western electoral system and governmental system. The web strives to comprehensively explore China's electoral and governing situation and developmental prospects from various perspectives. It occasionally publishes special report, highlighting new experiments in political reform inside China, with problems and challenge ahead, as well as different views and analyses of experts, scholars and officials.⁷⁵ In November 2008, the web of *China Transparency* based on *China Elections and Governance Online* was open, focusing on the issue of government information disclosure.⁷⁶

1.4.7 CATO Institute

Founded in 1977, the Cato Institute is located in Washington, DC. Its founding director is Edward Crane, who has served the position until now. The name of the Institute comes from a brochure, CATO's Letter, which advocates libertarian idea. The aim of CATO is to explore how to expand American traditional ideas of limited government, individual freedom, free market, and peace in modern times. Since its establishment, the CATO exercises its influence in the United States with its political thought of libertarianism. It publishes books and reports to influence government policymaking, such as *Cato Handbook on Policy*, *Foreign Policy Briefing*, *Policy Analysis*, and *Trade Policy Analysis*. CATO cooperated with Peking University and Fudan University. One of its important research programs is on foreign policy studies, directed by vice president Ted Galen Carpenter. The Taiwan issue and U.S.–China relations are the focus of CATO's studies on Asia-Pacific. The Institute has not been very active in China studies since the retirement of Ted Carpenter.

⁷⁵See <http://www.chinaelections.org/>; <http://en.chinaelections.org/>.

⁷⁶See <http://www.chinatransparency.org/>.

1.4.8 *Center for American Progress (CAP)*

Established in 2003, the CAP is located in Washington, DC. Its predecessor was Progressive Policy Institute (PPI), founded in 1989, which was affiliated with the Democratic Leadership Council. The president of the Center is John Podesta, who was White House Chief of Staff during the second term of the Clinton administration. In 2007, the CAP established an office in California. The goal of the CAP is to improve American life by heavily promoting progressive ideas and actions, study new policies, advance new ideas, predict and guide citizens debate, establish a long vision of a progressive America, criticize conservative policy position, propose policy alternatives with deep thought, and convey progressive information to the public.⁷⁷

Although the CAP has only a short history, it covers comprehensive research areas, including energy, national security, economic development, immigration, education, and health care. The CAP runs several projects on international affairs, including the Enough Project aimed to establish some permanent organization to stop genocide and crimes against humanity, and the Middle East Progress Project (MEPP) with Middle East Bulletin as its publication. The MEPP strives to improve security in the Israel area and enhance American reputation in Middle East as well as the world through advancing public-private partnership and encouraging new ideas and strategies.⁷⁸ Some other researches are aimed at important issues related to American future development. For example, the project on Campus Progress has a goal to help students participate in discussion of important issues and provide youths a platform to express their views.⁷⁹ The goal of Progress 2050 is to stimulate new ideas and help the resolution of the ethnic issue in the United States.⁸⁰

Unlike other think tanks, the most unique feature of the CAP is it usually “challenges traditional views,” and helps promoting debates on important issues and therefore produces its own influence. To establish and maintain a unique network consisting of policymakers, media and leaders of social movement is the main means for the CAP to exercise its influence.⁸¹ The CAP claims itself as a nonpartisan research institute, but it is widely recognized as a Democrat think tank by observers in the United States. The PPI, the CAP’s predecessor, had close relations with Bill Clinton as early as when he served as chair of the Democratic Leadership Council. Several members of the PPI participated in Clinton’s campaign for presidency. It is appropriate to say the PPI is Clinton’s “private think tank.” During George W. Bush administration, the CAP’s status and policy influence were

⁷⁷See CAP senior fellow Michael Werz’s detailed introduction of the Center in an international conference co-sponsored by German Ebert Foundation and Zhejiang University, August 25–26, 2010. For more details, see also <http://www.americanprogress.org>.

⁷⁸See <http://www.americanprogress.org>.

⁷⁹See <http://www.campusprogress.org>.

⁸⁰See <http://www.americanprogress.org/projects/2050/>.

⁸¹See Michael Werz’s introduction of the CAP.

weakened. During the 2008 presidential elections, the CAP joined the Obama campaign team, providing Obama a series of research reports with pragmatic and creative ideas, ranging from campaign strategies and post-election policy adjustment, which were highly recognized by Obama. Several managers of the CAP were appointed important positions thereafter. CAP president John Podesta took the position of head of Obama's transition team. Its Executive vice president for policy Melody Barnes was appointed director of the Domestic Policy Council. Many important members in the Clinton administration came back to office (see Table 1.3).

Michael Scherer gave the following comments of the CAP in *Time*, November 21, 2008: As regards to influence on the government, none institution at present can compete with the CAP.⁸² According to Dr. James McGann's investigation of global think tanks, the influence of the CAP has been ranked with the Brookings and the Heritage Foundation, which are more senior than it.⁸³

The CAP has multiple influences on Obama's domestic and foreign policies. Its several strategic reports and policy recommendations in recent years have been highly regarded and adopted by the Obama administration. For example, the CAP issued a report titled "Progressive Growth: Transforming America's Economy through Clean Energy, Innovation, and Opportunity" in November 2007, pointing out five great challenges facing the United States and advancing reform proposal to change into a low carbon emissions economy and therefore realize a progressive growth.⁸⁴ After Obama came to office, he adopted largely the report's policy recommendations. The administration thus changed the U.S. position on climate change negotiation and increased investment in new energy and environment-friendly economy. In the end of 2007, the CAP issued a report titled *Restoring American Military Power: Toward a New Progressive Defense Strategy for America*, arguing that the Department of Defense should consider containment of potential competitors as secondly important and spend more money in military personnel rather than hardware. It also recommends a series of measures in details.⁸⁵ These recommendations are almost all adopted in the draft of 2010 Budget for National Defense proposed by Secretary of Defense Robert Gates on April 6, 2009. In the end of 2008, the CAP issued a report *Orienting the 2009 Nuclear Posture Review: A Roadmap*, listing what the Obama administration should do during the transition period, within the first one hundred days as well as

⁸²Michael Scherer, "Inside Obama's Idea Factory in Washington," *Time*, November 21, 2008.

⁸³James G. McGann, *The Global "Go-To Think Tanks" 2008*. His following reports in 2009, 2010, 2011 and 2012 made the same comment.

⁸⁴John Podesta, Sarah Rosen Wartell and David Madland, "Progressive Growth: Transforming America's Economy through Clean Energy, Innovation, and Opportunity," November 28, 2007, http://www.americanprogress.org/issues/2007/11/progressive_growth.html.

⁸⁵Lawrence J. Korb and Max Bergmann, "Restoring American Military Power: Toward a New Progressive Defense Strategy for America," December 10, 2007, http://www.americanprogress.org/issues/2007/12/restoring_military.html.

the first year.⁸⁶ Consequently, Obama announced his strategy on nuclear force reduction in Prague on April 5, 2009, which was within his first one hundred days in office and quite similar to the recommendations of the report.

1.4.9 Center for China-United States Cooperation (CCUSC)

The CCUSC is affiliated with the School of International Relations at the University of Denver. The Center was established in 1998 and is an institute aimed at promoting China-U.S. friendship and cooperation. It has institutional exchange with six universities and institutions in China, including Beijing Foreign Studies University, China Institute for International Studies, China Institute of Contemporary International Relations, Peking University School of International Studies, Remin University of China and Shanghai Institute for International Studies. The CCUSC has double functions in education and research, and often convenes seminars and conferences on China. In January 2002, the CCUSC and Denver Mayor Office co-sponsored the establishment of Denver Forum, inviting famous scholars, government officials and other people to explore the issues of China and its relations with the United States. CCUSC's research projects include Chinese economy, comparisons of China-U.S. societies and public policies, and bilateral relations and international security. Its publication is *Journal of Contemporary China*, mainly publishing theoretic and policy research papers on the Chinese mainland, Taiwan and Hong Kong. Suisheng Zhao, a Chinese American scholar, serves as director of the Center.

1.4.10 Center for Chinese Studies, University of California at Berkeley

This center is affiliated with the University's Institute of East Asian Studies. It is one of the bigger centers on China studies in the United States. The center was established in 1957, funded by Ford Foundation and California State Government. Its goal is to coordinate studies on contemporary China among different schools, departments and research institutes within the university. The Center's research areas are very broad, including Chinese politics, economy, diplomacy, law, society, history, and language. Its current studies include Chinese societies in Taiwan, Hong Kong, and Southeastern Asian countries. The center has particular accomplishments in Chinese linguistics and modern literature studies. Its research fellows are not

⁸⁶Andrew J. Grotto and Joseph Cirincione, "Orienting the 2009 Nuclear Posture Review: A Roadmap," November 17, 2008, http://www.americanprogress.org/issues/2008/11/nuclear_posture_review.html.

limited within the center but widely distributed in different disciplines, departments, and institutes. The center has published a series of books on China studies as well as journals such as *Ancient China* and *Asian Survey*.

Robert Anthony Scalapino, a famous Asia expert who passed away in 2011, served as the first director of the Institute of East Asian Studies. He is the founder and the first president of National Committee on United States-China Relations (NCUSCR). In 1971, Scalapino, as NCUSCR president, accommodated the visit of the Chinese Ping Pong Team to the United States. In December 1972, ten months after President Nixon's China trip, he first visited China with the invitation from the Chinese government. As an authoritative expert on Northeast Asia and China, Scalapino provided briefings for several U.S. presidents before they visited China. He passes away in November 2011, with an age of 92.

1.4.11 The Center for Naval Analyses Corporation (CNA)

The CNA is located in Washington, DC. It is a think tank specialized in strategy and war tactics studies, originated from the national antisubmarine warfare studies group funded by the U.S. government to help navy during World War II. It has a heavy military background, similar to the famous RAND, even being called "RAND of the U.S. Navy."

In recent years, the CNA has enhanced its China studies by recruiting fellows, making China Studies an important project of the center, directed by famous expert on China's national defense David Finkelstein. Finkelstein is very familiar with Chinese military issues, with considerable influence in American military think tanks. He has long served as China hand in foreign affairs of the U.S. military, and published a series of books on the Taiwan issue and Chinese military. According to his book, *From Abandonment to Salvation: Washington's Taiwan Dilemma, 1949–50* published in 1993, if the two sides of the Taiwan Strait have a military conflict, that means China will fight with the United States. Thus, China will be very cautious about the scenario. Over the past decades, he has published *Chinese War-fighting: The PLA Experience Since 1949* (2003), *China's Revolution in Doctrinal Affairs: Recent Trends in the Operational Art of the Chinese People's Liberation Army* (2005) and *Civil-Military Relations In Today's China: Swimming In A New Sea* (2006).

1.4.12 Center for a New American Security (CNAS)

The CNAS is located in Washington, DC. It was founded in 2007, very "young" among American think tanks. However, the CNAS has swiftly become one of the wind vanes to detect the Obama administration's foreign policy. The key for the Center to exercise its influence is its unique administrators and research team. Many

of them have military backgrounds and even have military positions.⁸⁷ The founder of the CNAS is Kurt Campbell, former Assistant Secretary of Defense at the Clinton administration, who is now Assistant Secretary of State for East Asian and Pacific Affairs at the Obama administration.⁸⁸ CNAS Chair of Board of Trustees Richard Danzig is former U.S. Secretary of the Navy in the Clinton administration. According to the interview of *Carnegie China Insight Monthly*, Danzig is the most important figure in policies of national defense and national security affairs among the core members of Obama's advisory team.⁸⁹ Among other 12 board members, 9 have military background and others include Madeleine Albright, William Perry, and Richard Armitage.⁹⁰ The chief executive officer of the CNAS is Nathaniel Fick, who is a Navy Marine Corpse Officer, once joined U.S. military activities in Afghanistan, Pakistan, and Iraq during 2001 and 2003.⁹¹ Its president is John Nagl, who is a famous military analyst, with military experience, and a member of Defense Policy Board Advisory Committee.⁹²

Among the research fellows of the CNAS, Patrick Cronin and Robert Kaplan are most influential. Cronin once worked in National Defense University and was appointed as senior officer in the United States Agency for International Development (USAID).⁹³ Kaplan is a reporter of *Atlantic Monthly*, who wrote an article before September 11, predicting that the future war will turn to be nontraditional and "war without declaration," thus minimizing the role of international law in world conflict. Because the enemies of the United States do not care about civilian casualty, "our moral value" has become "our fatal trauma." After President George W. Bush read it with deep impression, he invited Kaplan to the White House to talk and accept his views. Probably because of Kaplan's influence, Bush put forward the idea of the "axis of evil" in the State of the Union Address then.⁹⁴

Kaplan has also published an article "How We Would Fight China" in the *Atlantic Monthly*. This article represents the views of some rightwing experts in the United States and has aroused widespread attention. According to Kaplan, the growing military strengthen of China will necessarily conflict with American military deployment along the West Pacific Rim to some degree. The outcome is imaginable: long-persistent Cold War will repeat. But this time, the enemy is not

⁸⁷See <http://www.cnas.org/people/militaryfellows>.

⁸⁸See <http://www.cnas.org/node/328>.

⁸⁹See <http://www.cnas.org/node/806>; *Carnegie China Insight Monthly*, No. 2, 2008, p. 3. <http://www.carnegieendowment.org/programs/asia/chinese/insightmonthly/Articles/february08.cfm>.

⁹⁰See <http://www.cnas.org/people/boardofdirectors>.

⁹¹See <http://www.cnas.org/node/331>.

⁹²See <http://www.cnas.org/node/57>.

⁹³See <http://www.cnas.org/node/3614>.

⁹⁴Steven Menashi, "Teaching Evil," *Policy Review*, April & May 2002, pp. 90–96.

located in the center of Europe, but located within the West Pacific Rim—China.⁹⁵ His several articles on China all advocate the “China threat” argument.⁹⁶

Currently, the CNAS’s research programs cover issues of security and conflict, civilian capacity, and transnational crimes. It convenes annual conferences and frequently invites former government officials or distinguished scholars to speak in the Center. On September 24, 2009, Deputy Secretary of State James Steinberg gave a keynote address titled “Administration’s Vision of the U.S.-China Relationship” at the Center.⁹⁷

The CNAS also involves the study on climate change among current hot issues. In the end of July 2008, the CNAS, together with several think tanks, such as Pew Research Center, invited scholars from China, India, Europe, Japan, as well as America itself to Washington, DC to have a simulation of “combat exercise” among four “delegations” of China, Europe, India and America around four key issues—immigration, resource shortage, disaster, and carbon emissions reduction—under the initiative and support of “General-Secretary of the United Nations” in order to reach a Framework Convention on Climate Change after 2015.⁹⁸ The CNAS played a leading role in organizing this activity.

1.4.13 Center for Strategic and International Studies (CSIS)

The CSIS is located in Washington, DC, and has a Pacific Forum in Hawaii. It was co-founded by Georgetown University professor David Abshire and Admiral Arleigh Burke in 1962, the heyday of the Cold War. It was affiliated with Georgetown University at the beginning and broke up its relations with the university in July 1987. The CSIS once carried a heavy conservative color, being called the “home of hardliners” and a “think tank for the Cold War.” In recent years, the CSIS’s policy has become relatively moderate. As the majority of its fellows have experiences working within the government, the Center is the typical “Revolving Door.”⁹⁹ Currently, Sam Nunn serves as its Board of Trustees Chair

⁹⁵Robert D. Kaplan, “How We Would Fight China,” *Atlantic Monthly*, Vol. 295, No. 5, June 2005, pp. 49–64. This article was also widely criticized. Some argued that the article was based on the premise of fighting with China, which could only increase the fear of China among American people, making them believe that China would be the next enemy of the United States.

⁹⁶They are: “China: A World Power Again,” *The Atlantic Monthly*, Vol. 284, Issue 2 (August, 1999), p. 16 (2 pages); “Fear of China,” *Wall Street Journal* (Eastern edition), April 21, 2006, p. A14; “The Geography of Chinese Power,” *Foreign Affairs*, Vol. 89, Issue 3 (May/June, 2010), p. 22 (1 page).

⁹⁷James B. Steinberg, “Administration’s Vision of the U.S.-China Relationship,” Keynote Address at the Center for a New American Security, Washington, DC, September 24, 2009, <http://www.state.gov/s/d/2009/129686.htm>.

⁹⁸See <http://www.cnas.org/node/149>.

⁹⁹James A. Smith, *The Idea Brokers: Think Tanks and the Rise of the New Policy Elite*, p. 280.

and former Deputy Secretary of Defense John J. Hamre as executive president. A few American distinguished diplomats, such as Henry Kissinger and Zbigniew Brzezinski, are its board members and senior advisors. Former U.S. Trade Representative Robert Zoellick was also its nonresident senior fellow. The CSIS have several programs related to China studies, including International Security Program (ISP), the CSIS Freeman Chair in China Studies, and Pacific Forum.

The ISP was established before the founding of the CSIS, and its predecessor is Political and Military Program. The ISP director used to be Kurt Campbell, who later served as Assistant Secretary of State for Asian-Pacific Affairs in the Obama administration. The ISP has a division on Asia Security, which has conducted researches on China, including Cross-Strait Security Initiative and U.S.-China Strategic Dialogue.¹⁰⁰ The Cross-Strait Security Initiative analyzes the Taiwan Strait situation from military and international security perspectives. Its goal is to enhance American understanding of the complexity of the issue on the part of U.S. government officials, Congressmen, and the public. Its most recent activities are aimed to promote the understanding of the Taiwan issue among regional powers and help Taiwan to understand other countries' views on cross-Strait relations.¹⁰¹ The U.S.-China Strategic Dialogue is aimed at inviting scholars from the two countries to have a series of seminars and to enhance U.S.-China mutual understanding and cooperation. The ISP cooperated with the China Reform Forum in 2002, 2003, 2004 and 2006 to have four conferences, dealing with the issues of anti-terror cooperation, the rise of China, and the role of China in the Asian-Pacific region, respectively.¹⁰²

The Freeman Chair in China Studies, founded by the Freeman Family in 1994, has a goal of enhancing China studies and increasing American understanding of China and other countries in Asia-Pacific. It has a very close relationship with Taiwan, having roundtable discussions in Taiwan every year, and inviting comprehensively Taiwanese scholars and officials to the United States to participate in meetings sponsored by the center. The center's current research topics include Chinese military and East Asia security, China's relations with Central Asia, and China's space program and development.¹⁰³

Pacific Forum is a branch of CSIS for studying Asia-Pacific Security, which was created in 1975 and located in Hawaii. Its current chair is former Special Assistant to United States Pacific Command Ralph Cossa. James Kelley, Assistant Secretary of State for Asian-Pacific Affairs during the first term of the George W. Bush administration once also served as the chair. Unlike the abovementioned two branches of CSIS, this forum has its independent budget. In recent years, as China has increased its influence in Asia-Pacific, the forum also increased its studies on

¹⁰⁰See <http://csis.org/program/asia-division>.

¹⁰¹See <http://csis.org/program/cross-strait-security-initiative>.

¹⁰²See <http://csis.org/programs/international-security-program/asia-division/us-china-strategic-dialogue>.

¹⁰³See <http://csis.org/program/past-freeman-chair-projects>.

China. The forum publishes an electronic journal on bilateral relations in East Asia, *Comparative Connections*, and another weekly *PacNet Newsletter*, periodically releasing articles on China and its foreign relations.

1.4.14 East-West Center

The East-West Center is an American research institute familiar to Chinese students and researchers. Its headquarters is in Hawaii with an office in Washington, DC. The Center is a nonprofit institute combining double functions, scientific research and training program. Its major efforts are devoted to studies on Asian-Pacific politics, economy, security, environment, population, and health, aimed at promoting Asian-Pacific countries to co-construct a stable, peaceful, and prosperous regional community through cooperative training and studies.

The East-West Center was founded in 1960 authorized by U.S. Congress. It was first set up within the University of Hawaii, and separated from the university in 1975, thus becoming an independent institute for research and education. The center is also the location for Northeast Asian Economic Forum, Secretariat of APEC Study Centers Consortium, and Pacific Disaster Center. The center emphasizes its function in education and training. It has over years provided various human resource training for Asian-Pacific countries, including policymakers, researchers and media personnel. As regards to research, its focuses are Asian-Pacific societies, economies, environments, populations, and health, with limited impact on American foreign policymaking.

In recent years, the East-West Center has enhanced China studies mainly on the economy and security issues, including the issue of Taiwan. Its expert on Asian-Pacific security and Taiwan is East-West Center Washington Office director Muthiah Alagappa, whose research areas cover Asian-Pacific politics and security, development of regional mechanism, ideology, and international relations. He once served as senior fellow at the CSIS. In 2001, he edited *Taiwan's Presidential Politics: Democratization and Cross-Strait Relations in the Twenty-first Century*, considering the 2000 election in Taiwan as the milestone in the island's democratic development.¹⁰⁴ Around the time that the Obama administration proposed the policy of Asia-Pacific strategic rebalance, the president himself and Secretary of State Hillary Clinton both gave a speech in the center, elaborating the core meanings and goals of the policy.

¹⁰⁴Muthiah Alagappa ed., *Taiwan's Presidential Politics: Democratization and Cross-Strait Relations in the Twenty-first Century* (Armonk, New York: M. E. Sharpe, 2001). See also http://www.eastwestcenter.org/publications/search-for-publications/browse-alphabetic-list-of-titles/?class_call=view&pub_ID=1209&mode=view.

1.4.15 Edmund A. Walsh School of Foreign Service (SFS) at Georgetown University

The SFS is affiliated with the Georgetown University located in Washington, DC. It was founded in 1919, aimed at cultivating international affairs officials. The SFS is the oldest and biggest international affairs school in the United States. President Bill Clinton graduated from the school. Secretary of State Madeleine Albright serving the Clinton administration in its second term once taught in the school. China studies are located in the SFS Asia Program, with Nancy Tucker (pass away in 2012), Joseph Bosco and Robert Sutter as its main experts. The SFS is strong in China studies, particularly on the issue of Taiwan. In general, the positions of SFS Taiwan experts are: recommending the United States to advance the level of arms sales to Taiwan, adhere to American committee to Taiwan's security, maintain a balance of military strengths across the Taiwan Strait while promoting the development of cross-Strait relations.

1.4.16 Council on Foreign Relations (CFR)

The embryo of the CFR was the luncheon club for discussing foreign affairs among New York City elite in 1918. The CFR's headquarters are in the city, with an office in Washington, DC. In 1921 the CFR became a formal institute funded by the Carnegie. Adhering to the central line, the council devotes itself to provide ideas and specific strategic supports for governmental policymaking. Because many members of the CFR have once served important positions in the government, their policy positions are very pragmatic. At present, the CFR—featuring a club—has more than 4,000 members, including former presidents, secretaries of state, and other high-ranking officials. This has enhanced the council's policy influence. *Foreign Affairs*, founded in 1922 and published by the CFR, is the most famous one among similar journals. It is the main platform for the CFR to advocate its policy ideas and positions.

The CFR has always paid attention to U.S.-China relations. It was an important intermediate player in the 1970s to de-freeze America-China relations. The council advocates actively further development of economic, political, and cultural relations with China. Most members of the NCUSCR established in the late 1960s were simultaneous the CFR members. As regards to China policy, the CFR's positions belong to pragmatism, believing that the United States should help China integrate itself into international society, expand cooperation with China in different areas, and allow China to participate in international affairs. On the issue of Taiwan, the CFR advocates a stable relationship among East Asia powers while guaranteeing Taiwan's security and preventing it from the mainland's attack.

In 2003, the CFR organized an independent research team, headed by former Secretary of Defense Harold Brown and former U.S. Ambassador to China Joseph

Prueher and consisted of 45 members and 15 observers. The team wrote a report on Chinese military power, which has aroused a wide attention. Studies on the *Chinese Military Power Report* started in February 2002. The idea of the report came from CRF president Leslie Gelb. According to him, American review of Chinese military power swing like a pendulum of either too nervous or too optimistic, just like the debate on former Soviet Union's military power during the Cold War period. Therefore, he thought the U.S. needed a more pragmatic and widely representative report. From February 2002 to May 22, 2003 when the report was finally issued, the research team had convened 10 seminars. For each seminar, some team members gave talks on special topics, including the developmental circumstance of different branches of the Chinese Liberation Army (PLA), the PLA's strategic thought, and comparison of military powers between the two sides of the Taiwan Strait, followed by discussion in which the Taiwan Strait conflict was heavily covered. The discussion was compiled into a written format by Adam Segal. In order to have a deeper analysis of the motivation behind Chinese military power development, the CFR set up three different subcommittees to specifically study the impacts of technology, economy, and politics, respectively. Since the 2008 global financial crisis, the CFR has established a program on Renewing America, watching the challenges facing the United States. It has also published books and articles and provided expertise opinions with Q & A format to elaborate the council's views and judgment of China, as can be found in its divisions of Asia Program and Foreign Policy.

1.4.17 Fairbank Center for Chinese Studies, Harvard University

The predecessor of the Fairbank Center for Chinese Studies is Fairbank Center for East Asia Research, which was a forerunner in China studies in the United States, created by John King Fairbank in 1955, with the financial support from the Harvard University and the Ford Foundation. Fairbank is the first explorer of China studies in the United States. Taking the method of multidisciplinary and comprehensive crosscutting studies, he has crated a model in studying modern and contemporary China, which is different from the tradition of Sinology and has impacted on the whole area of China studies as well as U.S. China policy over the past several decades. Since this century, with the persistent increase of China's global influence, the Harvard University has shifted its research on other Asian countries gradually to the newly established Asia Center, and the Fairbank Center for East Asia Research was renamed Fairbank Center for China Studies.

Policy influence of the Fairbank Center is first of all reflected in its solid research products on China. Fairbank is famous for his objectivity and pragmatism in China studies. He said as early as the 1940s: if we blindly oppose revolution, then we will eventually found ourselves being driven out of Asia by the mass movement. He

argued that the United States should take a realistic attitude toward Chinese revolution and the new China, recognize de facto the Chinese Communist regime, and maintain feasible commercial and cultural relations with China.¹⁰⁵ He published a book *The United States and China* to help American public understand China and U.S.-China relations. The Harvard “China hands” group headed by Fairbank has long advocated the policy of engaging China. Fairbank himself appreciated Henry Kissinger and President Nixon for their opening the door of U.S.-China relations, advocating an earlier normalization of the bilateral relations.

Second, the influence of the Fairbank Center on China studies comes from the experts it has cultivated who are influential on U.S.-China relations among American academic and political circles. For example, when Chinese President Jiang Zemin visited Harvard University in 1997, the then director of the Fairbank Center Ezra Vogel was in charge of reception work. Vogel organized a group of China experts to study U.S.-China relations in the 21st century from a wide perspective of national defense and security, international law system, economic development, human rights, economic relations, environment and energy, and American domestic factors. Consequently, Vogel edited a book *Living with China: U.S.-China Relations in the Twenty-First Century*, which forcibly refutes the idea of comprehensively confronting against China. It argues that the United States should maintain its comprehensive cooperation with China in political and economic areas and support China’s entry into the World Trade Organization (WTO). This book is considered as a crystal demonstration of the views of engaging with China in American China policy debate, effectively supporting the U.S. policy of engagement with China.¹⁰⁶

The Fairbank Center has a huge group of scholar. The first category of scholars are its faculty members, 49 altogether, including Roderick MacFarquhar, Weiming Tu, Ezra Vogel, Benjamin Schwartz, Alistair Iain Johnston, William Kirby, Merle Goldman, Elizabeth Perry, Dwight Perkins, Anthony Saich, and Paul Cohen. This group of scholars determine the center’s research status and academic standard. The second group of scholars is nonresident, including Associates in Research, post-doctoral scholars, visiting scholars, and Ph.D. students. Many of them are Associates in Research, who are mainly located in the great Boston area. Some of them are fully established, such as Robert Ross of Boston College and Steve Goldstein of Smith College. At present, the Fairbank Center has 100 Associates in Research, and one dozen or so visiting scholars from different places of the world each year. The Fairbank Center has its Executive Committee consisting of some faculty members and Associates in Research, which is responsible for reviewing the center’s programs periodically, preparing the center’s budget, and advancing proposals for its future development.

¹⁰⁵See Wenzhao Tao, ed., *Feizhengqing ji* [Works of John Fairbank] (Tianjin:Tianjin People’s Press, 1991), pp. 320–321.

¹⁰⁶Ezra F. Vogel, *Living with China: U.S.-China Relations in the Twenty-First Century* (New York, NY: W. W. Norton & Company, 1997).

The Fairbank Center has a program on Taiwan for a long time, the Taiwan Studies Workshop, directed by Fairbank Center Associate in Research and Smith College professor Steven Goldstein. The Taiwan Studies Workshop periodically invites scholars, officials and some students in relevant majors to discuss the Taiwan issue. Its publications include *Taiwan Studies Working Papers* and *Harvard Studies on Taiwan*.

1.4.18 Foreign Policy Research Institute

Foreign Policy Research Institute was founded in 1955, with its headquarters in Philadelphia. First affiliated with the University of Pennsylvania, the institute became independent from the university to “obtain more stability” economically in early 1971. During the Cold War period, the institute heavily advocated that the Western countries should unite around America to confront with the Soviet Union and the Communist world. Therefore, this institute was also regarded as an important “Cold War” think tank. It obtained support mainly from financial groups in East or Midwest of America, particularly from those in Philadelphia. The institute took a conservative position and had great influence on policymaking of the Reagan administration.

Since the end of the Cold War, Foreign Policy Research Institute has made some adjustment. It now has two research centers, Anti-Terror Center and U.S. & Western Countries Center and four programs on national security studies, Asia studies, democratic transition studies, and think tanks studies.¹⁰⁷ James McGann is the director of the Think Tanks Studies Program. He follows developmental state of global think tanks and gives an evaluation of them. The main research object of the Asia Program is China. In October 2007, right before the Communist Party of China’s 17th National Congress, the institute sponsored a seminar titled *China Rising: Assessing China’s Economic and Military Power*, evaluating Chinese military strategy, U.S.-China energy cooperation, and prospects of China’s economic development.¹⁰⁸ In recent years, research associates of the institute have published several books, including *Rising to the Challenge: China’s Grand Strategy and International Security*,¹⁰⁹ *China’s Political System: Modernization and Tradition*,¹¹⁰ and *China under Hu Jintao: Opportunities, Dangers, and Dilemmas*.¹¹¹

¹⁰⁷See <http://www.fpri.org/research/>.

¹⁰⁸See <http://www.fpri.org/enotes/200710.delisle.chinarising.html>.

¹⁰⁹Avery Goldstein, *Rising to the Challenge: China’s Grand Strategy and International Security* (Stanford, CA: Stanford University Press, 2005).

¹¹⁰June Teufel Dreyer, *China’s Political System: Modernization and Tradition*, 5th edition (New York, NY: Pearson Longman, 2005).

¹¹¹Tun-Jen Cheng, Jacques deLisle, Deborah Brown, *China under Hu Jintao: Opportunities, Dangers, and Dilemmas* (Hackensack, NJ: World Scientific, 2006).

1.4.19 *Heritage Foundation*

The Heritage Foundation was founded in 1972. It has become the biggest conservative think tanks in the United States with significant influence on the Republicans. As a policy research institute, its headquarters is in Washington, DC, with an office in Hong Kong. Its current president is Edwin Feulner. The foundation claims it has a conservative political tendency.¹¹² Its main publications are *Policy Review Quarterly* and *National Security Record Monthly*. It also relies on the Internet to influence the public, publishing *Morning Bell* and *Backgrounder*. Since 1995, the Heritage Foundation has cooperated with the *Wall Street Journal* to jointly issue the report on *Index of Economic Freedom*, which has become the important reference for business people to invest globally. The foundation is the most typical advocacy think tank. One thirds of its annual budget is used in the media and publications for selling out its ideas and therefore expand the influence of the foundation's policy recommendation.¹¹³ For the sake of sale promotion, the foundation's research reports and publications started to adopt a concise and easily readable format, which has been followed by many other think tanks.

In recent years, the Heritage Foundation has enhanced its studies on Asia-Pacific, the Chinese mainland and Taiwan. The foundation has a subordinate institute, Asian Studies Center, which was the earliest-established program in 1983 in the foundation. Its current director is Walter Lohman.

1.4.20 *The Henry L. Stimson Center*

The Stimson Center is located in Washington, DC. It was founded in 1989 and is a relatively young think tank in the United States. As its research focus is arms control and international security, it has a strong military background.¹¹⁴ The Stimson Center has close relations with U.S. Congress and the administration, but its general influence is next to big think tanks such as the Heritage Foundation and the RAND. Since its establishment, the Center has always focused its research around the projects of reducing the threat of weapons of mass destruction, conciliating regional conflicts, and permanently maintaining world peace. In 1999, the center issued a report on Chinese military diplomacy, introducing in details to the American government and the public the internal and external circumstances of the PLA. The report proposed the United States to continue high-level military exchanges with China and manage to strengthen mutual trust, but it also

¹¹²See <http://www.heritage.org/About/aboutHeritage.cfm>.

¹¹³James A. Smith, *The Idea Brokers: Think Tanks and The Rise Of The New Policy Elite*, pp. 286–287.

¹¹⁴See <http://www.stimson.org/?SN=RP20011220106>.

emphasized that the United States should contain the development of Chinese military power.

The Stimson Center has an East Asia Program under the umbrella program of Building Regional Security. Its China studies are located in the East Asia Program directed by Alan Romberg, in which studies on cross-strait relations constitute a main portion. The center has a project on “missile defense plan and China’s reaction.” Experts of the center issued a report in 2000 on U.S. plans to develop a theater missile defense (TMD) system in the Asian-Pacific region. The report proposed that the United States should support Taiwan’s requirement to upgrade its deployment of PAC-II air defense system onto PAC-III system, but should not provide Taiwan Aegis warship or the sea based missile defense system. The experts in the report suggest the United States to periodically issue a white paper on cross-strait relations to comprehensively analyze every link in China’s Taiwan policy, while promoting establishment of mutual trust mechanism between NATO and Beijing, including discussion of missile deployment and the TMD.

U.S. Taiwan policy and cross-strait relations is an important project within the East Asia Program. Alan Romberg, one of the mainstream scholars on Taiwan in the United States is responsible for the program. In 2003, he published a book titled *Rein In at the Brink of the Precipice: American Policy Toward Taiwan and U.S.-PRC Relations* to systemically elaborate American Taiwan policy.¹¹⁵ It has become a classic discourse on U.S. Taiwan policy for American scholars nowadays.

1.4.21 The Hoover Institution on War, Revolution and Peace, Stanford University

The predecessor of the Hoover Institution was the Hoover War Library founded by the 31st president of the United States Herbert Hoover in 1919 to collect historical materials. It changed into its current name in 1956, but began its research in late 1940s. After W. Glenn Campbell served as director of the institution, its research work has been expanded and become an influential think tank. Its influence increased significantly during the Reagan administration. President Reagan himself is one of three honorary research fellows of the institution. Former Secretary of State George Shultz during the Reagan administration came back to the institution as senior fellow after he left the government. Condoleezza Rice was a senior fellow of the institution before she served as national security advisor for George W. Bush.

¹¹⁵ Alan Romberg, *Rein In at the Brink of the Precipice: American Policy Toward Taiwan and U.S.-PRC Relations* (Washington, DC: The Henry L. Stimson Center, 2003).

1.4.22 *Hudson Institute*

The Hudson Institute was established in 1961. It was first located in the suburban area of New York City and then moved to Indianapolis. From 2004 on, the institute has its office in Washington, DC. The Hudson is a public policy research institute with considerable influence, being considered a think tank similar to the RAND. Its founder Herman Kahn used to work at the RAND for more than 10 years, mainly studying the issue of nuclear war. The institute once had strong capacities of studying defense policy with considerable influence and support from U.S. Department of Defense. Some of its ideas have important influence on the Pentagon's policymaking. Its fellows' research products in military policy and strategy are largely classified and cannot be openly published. In 1983, the Hudson Institute took over management of some research projects on navy from the Center for Naval Analysis. On international affairs, the institute focuses its research on South Korea, Japan and Central Europe (Balkan in particular). Its studies on China were relatively weak but have been enhanced in recent years as the rise of China's national capacities. A famous China expert in the Hudson Institute is late Constantine Menges, who served as senior advisor for Reagan's foreign policy and joined the institute in 2000, specialized in China-Russia relations. He passed away in July 2004 because of cancer. In his last two years' commentaries on Chinese strategy, he believed that rise of China was the greatest threat of the United States. Another China expert is Charles Horner, specialized in China's domestic issues. Horner published a book titled *Rising China and Its Postmodern Fate*.¹¹⁶

1.4.23 *The Institute for Defense Analyses (IDA)*

This institute is located in Virginia. His predecessor was an evaluation group on military system established in 1947 by the Department of Defense. During the 1950s, the institute worked together with several dozens of universities to establish a civilian and nonprofit research institute. Its major tasks were to help the defense department to evaluate what specific kinds of weapons and missiles should be developed. It became an independent research institute in the late 1960s, but still subject to the office of Secretary of Defense, providing service for the department. Later, the institute signed contracts with National Aeronautics and Space Administration (NASA) and Federal Bureau of Investigation (FBI). It does not provide any consultations for individuals and enterprises.¹¹⁷

¹¹⁶Charles Horner, *Rising China and Its Postmodern Fate: Memories of Empire in a New Global Context* (Athens, GA: University of Georgia Press, 2009).

¹¹⁷See <https://www.ida.org/aboutus/historyandmission.php>; James A. Smith, *The Idea Brokers: Think Tanks and The Rise Of The New Policy Elite*, pp. 291–292.

The IDA is directed by David S.C. Chu, a Chinese American and former Depute Secretary of Defense at the George W. Bush administration. In analyzing American strategic security environment in East Asia, the institute began to pay attention to the influence of the rise of China on the role of the United States in the region.

The institute has seven research departments, with experts from universities, enterprises, and other research institutes, serving as consultants, expert panel members or temporary fellows. Its managerial personnel are majorly high-ranking military officers or government officials, with rich experiences, rich backgrounds, and great influence on defense department and other related organizations. Like other research institute with a military background, most of the institute's research products are classified.

1.4.24 The Peter G. Peterson Institute for International Economics

The Peterson Institute is located in Washington, DC. It was founded in 1981, initiated by Fred Bergsten and several other economists and retired government officials. In 2006, it obtained its current name in memory of a co-founder of the institute, Peter G. Peterson. The Peterson Institute director Bergsten was Assistant Secretary of Treasury during the Carter administration. Its first funding came from the Marshall Foundation.¹¹⁸

The institute mainly studies American economic policy, international finance, trade, and investment. The famous “Washington Consensus” aimed at providing economic reform formula and specific policies for Latin American and East European countries was proposed by economist John Williamson at a seminar convened by the institute in 1990.

China studies in the Peterson Institute are located in the Asia-Pacific Research Department, majorly concerning China's economic growth, investment, trade and RMB exchange rate. The institute is an active advocator of RMB appreciation. Both director Bergsten and another two economists—Morris Goldstein and Nicholas Lardy—in the institute wrote articles, believing that the RMB has caused the trade unbalance between the United States and China, and urging the American government to put pressure on China for appreciating RMB 20-25% in order to resolving the problem of China's advantage in unfair competition.¹¹⁹

¹¹⁸See the web of the institute at <http://www.iie.com/institute/aboutiie.cfm>.

¹¹⁹C. Fred Bergsten, “The Chinese Exchange Rate and the US Economy,” testimony before the Hearing on the Treasury Department's Report to Congress on International Economic and Exchange Rate Policy and the Strategic Economic Dialogue Committee on Banking, Housing and Urban Affairs, January 31, 2007, <http://www.iie.com/publications/papers/paper.cfm?ResearchID=706>. Morris Goldstein and Nicholas R. Lardy, *The Future of China's Exchange Rate Policy*, The Peterson Institute for International Economics, July 2009. For more articles, see <http://www.iie.com/research/researcharea.cfm?ResearchTopicID=48&ParentTopicID=7#china>.

1.4.25 Monterey Institute of International Studies

The Monterey Institute was founded in 1955. Located in Monterey, a beautiful city in the coastal area of central California, it is an outstanding educational and research institute in the area of international arms control, with close relations with the government and considerable influence in U.S. foreign policymaking.

The institute has several famous research centers, such as nonproliferation center, East Asia center, and Russia and Euro-Asia center. The nonproliferation center is the biggest nongovernmental organization in the world aimed at preventing proliferation of weapons of mass destruction. In 1995, the center established a program of nonproliferation in East Asia. Its goal is to provide training program for officials and scholars from East Asian countries, promote dialogue on arms control and nonproliferation, conduct policy-oriented research, consultation and exchange, and establish databank of China studies. From 1998 to 2002, the program co-sponsored four seminars with China Institute of International Studies on U.S.-China arms control and reduction, as well as nonproliferation. In addition, it invited Chinese scholars to participate in its training class, and co-sponsored four summer classes with the Arms Control Program of Tsinghua University Institute of International Studies between 2002 and 2005.

1.4.26 National Committee on American Foreign Policy (NCAFP)

The NCAFP is located in New York City. Founded in 1974, it was initiated by Hans Morgenthau and other famous American political scientists in the world. Most of its research projects are closely related to U.S. current or long-term interest. The managerial organs of the committee are Board of Trustees, Board of Advisers and Executive Committee. Its chairman is William Flynn, who has made special contribution to peace process of Northern Ireland. George Schwab, one of the founders and City University of New York professor of History, serves as its president. The late George Kennan, a famous Soviet Union expert who advanced the well-known theory of containment, once served as its honorary chairman.

The committee publishes *American Foreign Policy Interests*, which is an influential journal in the United States. The committee has several awards for people who have made distinguished contribution in diplomatic area. For example, former Secretaries of State Henry Kissinger and George Shultz have received the Morgenthau Award.

One feature of the committee's research work is its reliance on projects. Based on the practical requirement, the committee decides to conduct important projects that have influence on American national interest. Currently, its research project related to China is located in the Forum on Asian-Pacific Security charged by Donald Zagoria, an expert on Northeast Asia. The Forum has periodical or

occasional meetings on some specific issue, including annual conference, briefings, and lectures.

In June 1997, the committee established a mechanism of roundtable meetings, inviting relevant scholars to participate in close-door meetings to discuss U.S. Taiwan policy and cross-Strait relations. Since then, the project has convened more than 20 roundtables.¹²⁰ Many famous U.S. and China experts on international affairs have participated in the by-invitation roundtable discussion. Views proposed by the roundtable participants often caught the deep attention of the American government, and were edited into a special report. For example, Kenneth Lieberthal proposed in the second roundtable in 1998 the interim agreement of no independence and no unification for 50 years, which has a great influence in the policy circle.¹²¹

1.4.27 New American Foundation

The New American Foundation was founded in 1998, with its headquarters located in Washington, DC and another office in Sacramento, California. Eric Schmidt, former Chief Executive Officer of the Google, serves as the foundation's chairman of Board of Trustees. Its board members include famous scholars, such as Fareed Zakaria, Francis Fukuyama, famous reporter of the *Atlantic Monthly* James Fallows, and former American Federal Reserve Committee Vice Chairman Roger Ferguson.

The goal of the foundation is to take care of the challenge and new issues in the information era, with comprehensive research topics. Its research fellows often express new views on some specific issues. The foundation's studies on American foreign policy are located in its global program, including two dimensions: project initiatives and issue studies. In addition to global program, the foundation has research programs on climate policy and global assets. Its project initiatives include security initiative, ante-terror initiative, energy and geopolitics initiative, and global governance initiative. Other initiatives at the national and regional levels include nuclear nonproliferation, external security of nations, privatization of foreign policy, flexible strategy, nuclear superpowers, Iran, Middle-East working group, and America-Cuba policy.¹²²

China studies in the foundation belong to Asia regional studies. The foundation has no China experts, but several of its senior fellows' views of China are attractive. For example, the foundation's young political scientist Parag Khanna proposed the concept of G3 as a reaction against the idea of G2—China and U.S. co-governance

¹²⁰See http://www.ncafp.org/projects_northeastasia.html#1.

¹²¹Donald S. Zagoria, Summary of the Second Roundtable on U.S.-China Policy and Cross-Strait Relations, January 18–20, 1998, see <http://www.ncafp.org/articles>.

¹²²See <http://www.newamerica.net/programs>.

of the world affairs. According to Khanna, global governance relies on the participation of not only China and the United States but also the European Union.¹²³ In addition, the foundation's Global Economic Policy Program director Greg Mastel wrote to appeal that the United States should ensure Taiwan's participation in the WTO.¹²⁴

1.4.28 *The Nixon Center*

The Nixon Center was founded by former U.S. President Nixon in 1994. Located in Washington, DC, it is a legacy-based think tank focusing on foreign policy research. Its research projects are mainly within five programs: China studies, immigration and national security, international energy and security, regional strategy, and America-Russia relations. Senior fellows and experts in the center are important figures either served in the government or still take positions within the Republican Party. For example, member in its Board of Trustees include Honorary Chairman Henry Kissinger, Chairman of Board of Advisers and former CIA Director and Secretary of Defense James Schlesinger, former Assistant to the President for National Security Affairs Brent Scowcroft, former Deputy Secretary of Defense Robert Ellsworth, and Republican Senator John McCain. The Nixon Center Board of Trustees chairman is Maurice Greenberg, who is the chief executive officer of American International Group (AIG), actively advocating China's entry into the WTO and supporting the center's China studies. The Nixon Center has often invited high-level officials, scholars, and experts to seminars or luncheons to discuss important hot issues and influence governmental policymaking.

China studies are an important research branch of the center, which has sponsored many activities. For example, Chinese Vice Premier Qian Qichen gave a luncheon speech at the center. In 2002, the center convened five seminars on China, with participants such as former U.S. Ambassador to China Winston Lord, former U.S. National Security Council Senior Director for Asian-Pacific Affairs Kenneth Lieberthal, Chinese Minister of Finance Xiang Huaicheng, and famous Chinese scholars Wang Jisi and Zi Zhongyun. From November 2003 to August 2004, the Center hosted six seminars on the Taiwan issue, discussing subjects such as *Political and Security Developments in the Taiwan Strait* (October 14, 2004), *The Cross-Strait Gulf Widens: The Views of Beijing and Taipei* (July 20, 2004), *Is Beijing Seriously Considering Military Action in the Taiwan Strait?* (June 11, 2004), *Washington-Taipei Ties in the Wake of the Taiwan Presidential Election* (April 13, 2004), *Taiwan's Presidential Election and Cross-Strait Relations* (March

¹²³Parag Khanna, "Waving Goodbye to Hegemony," *The New York Times*, Thursday, March 6, 2008.

¹²⁴Greg Mastel, "Taiwan in the WTO: An Economic and Policy Analysis," November 1, 1999, http://www.newamerica.net/publications/policy/taiwan_in_the_wto.

31, 2004), and *Taiwan's Trajectory and the Future of US-Taiwan Relations* (November 1, 2003).

The main publications of the center are *National Interest*, *Reality Check*, and *Perspective*. *National Interest*, initiated by a representative of neo-conservatives in the United States, Irving Kristol, is an influential journal with academic flavor. The center also publishes books written by experts in different research programs annually, including *Managing U.S.-China Relations in the Twenty-first Century* (1999),¹²⁵ *A Big Power Agenda for East Asia: America, China, and Japan* (2000),¹²⁶ *US-China Relations in a Post-September 11th World* (2002),¹²⁷ and *The U.S.-China Relations Facing International Security Crises* (2003).¹²⁸

1.4.29 The Paul H. Nitze School of Advanced International Studies (SAIS), Johns Hopkins University

The SAIS is located in Washington, DC. It was founded in 1943 and merged into the Johns Hopkins University in 1950. The SAIS is an educational and research institute aimed at cultivating advanced experts in international affairs. One of its founders is Paul Nitze, who was U.S. Secretary of the Navy in the 1960s. Another founder is Christian Herter, who also served as Secretary of State in the early 1960s. Since its establishment 60 years ago, the SAIS has always insisted on its principle of elite education, only cultivating graduate students, thus preparing a lot of diplomatic and political talents. Many faculty members in the school for teaching and research have served important government positions. For example, its former dean and Asia security expert Paul Wolfowitz served in the government during several Republican administrations. Meanwhile, the school emphasizes international exchange and often invites distinguished figures in America and other countries, particularly diplomats and statesmen, to give speeches or talks, participate in seminars, or serve as visiting scholars. In 1986, the school cooperated with Nanjing University to establish a Center for Chinese and American Studies, cultivating experts in U.S.-China exchange as well as in the relevant spheres of education and research. Some scholars in the school advanced important views on diplomacy. For example, Fukuyama was the initiator of the argument of the end of history. David Mike Lampton, director of Department of China Studies in the

¹²⁵David M Lampton and Gregory C May, *Managing U-China Relations in the Twenty-first Century* (Washington, DC: The Nixon Center, 1999).

¹²⁶David M. Lampton, *A Big Power Agenda for East Asia: America, China, and Japan* (Washington, DC: The Nixon Center, 2000).

¹²⁷David M. Lampton; Richard D. Ewing, *US-China Relations in a Post-September 11th World* (Washington, DC: The Nixon Center, 2002).

¹²⁸David M. Lampton; Richard D. Ewing, *The U.S.-China Relationship Facing International Security Crises: Three Case Studies in Post-9/11 Bilateral Relations* (Washington, DC: The Nixon Center, 2003).

school, is a famous China expert. He is familiar with Chinese history, culture, domestic politics, and foreign affairs and has published several books on China–US relations, including *Same Bed, Different Dreams* (University of California Press, 2001), and *The Three Faces of Chinese Power* (University of California Press, 2008), which have broad influences in both China and the United States.

1.4.30 The Project for the New American Century (PNAC)

The PNAC is a smaller think tank with shorter history but great influence among many others in the United States. It was founded in 1997, belonging to the new conservative camp. Experts of the PNAC advocated attacking Iraq and overthrowing the Saddam regime during the Clinton administration. Several experts of the PNAC entered into the George W. Bush administration later.

The PNAC defines Bushism by three key factors: playing the role of global leadership, striving for regime changes in the world, and promoting global freedom, democracy and human rights. In 2002, Bush gave a state of the union address, followed by *National Security Strategy*, proposing the preemptive strategy. William Kristol, who was in charge of the think tank and also one of its founders, wrote an article later in *Washington Post*, saying that the address marked the accomplishment of Bushism; that the address had been the most forceful speech over the past 20 years, ending “temporizing and timidity” in American foreign policy.¹²⁹

The PANC regards China as the most important competitor of the United States. Even in the wake of September 11 that led to Washington’s shift of its policy focus to anti-terror, the PANC still emphasized the confrontational nature of U.S.-China relations, advocating that America should maintain an absolute military supremacy over China. On the issue of Taiwan, the PANC always takes an anti-China position and support Taiwanese independence. It advocates the strategy of employing Taiwan to counterbalance against the Chinese mainland, insisting on that the United States should give up its one-China policy and strategic ambiguity. After Lee Teng-hui issued the argument of two states between the two sides of the Taiwan Strait in July 1999, the PANC advocated that the United States should clearly commit itself to the obligation of defending Taiwan. On the issue of Hong Kong, the PANC has advocated strongly that the United States should interfere with Hong Kong affairs and promote democratization there.

The director of the PANC is William Kristol, who is a leading figure in new conservatives in the United States. He serves as the editor-in-chief for *The Weekly Standard*, the pioneering journal of new conservatism. His father is Irving Kristol, the godfather within the new conservative camp. The *National Interest* founded by Irving Kristol is one of the main journals of new conservatives. Another founder of

¹²⁹William Kristol, “Taking the War Beyond Terrorism,” *The Washington Post*, January 31, 2002, <http://www.newamericancentury.org/defense-20020131.htm>.

the PNAC is Robert Kagan, another advocator of new conservatives. Robert Kagan also serves in the Carnegie.

1.4.31 The Pew Center on Global Climate Change

The Pew Center was founded in 1998 by Pew Charitable Trusts, located in Arlington, Virginia. Its director is former Assistant Secretary of State for Oceans and International Environmental and Scientific Affairs Eileen Claussen. The center's goal is to educate the public and policymakers on the causes and possible implications of climate change, and encourage domestic and international reduction of emissions of greenhouse gas. The center currently focuses on three spheres, including (1) evaluating and publicizing the impact of climate change on environment and economy, (2) educating the public and policymakers through nonprofit advertisement, public speeches and relevant meetings, and (3) promoting international cooperation on climate change through coordination of transnational policies and discussions among industries and governments. In the annual evaluation report on the rankings of worldwide think tanks provided by the University of Pennsylvania, the Pew Center is ranked as number one think tank in studies on global environment.¹³⁰

In 2006, the Pew Center issued a first comprehensive report in the United States on reduction of greenhouse gas emissions—agenda for climate action. Its goal is to make a set of reliable and practical plan in responding to global climate change.¹³¹ After President Obama came to office, climate change and carbon emissions reduction have been put on the front burner, thus providing a new platform for the center to expand its influence. Its experts have frequently participated in congressional testimonies, and provided policy recommendations for the government. The Pew Center argues that American federal government should play a leading role in carbon emissions reduction and respond to the challenge of climate change.¹³²

¹³⁰James G. McGann, *The Global "Go-To Think Tanks 2009: The Leading Public Policy Research Organizations in the World"*, p. 42.

¹³¹Agenda for Climate Action, February 8, 2006, for the full text of the report see http://www.pewcenteronthestates.org/report_detail.aspx?id=32828.

¹³²“The Federal Government’s Role in Building Resilience to Climate Change,” Testimony of Stephen Seidel, vice president for policy analysis of Pew Center on Global Climate Change Submitted to Select Committee on Energy Independence and Global Warming U.S. House of Representatives, October 22, 2009, <http://www.pewclimate.org/federal/congress/testimony/seidels/federal-governments-role-building-resilience-climate-change>; New Report Calls for Federal Leadership on Climate Adaptation, April 30, 2010, <http://www.pewclimate.org/press-center/press-releases/new-report-calls-federal-leadership-climate-adaptation>.

1.4.32 *The RAND Corporation*

The RAND is the greatest think tank in the United States with global influence. Its headquarters are in Santa Monica, California, with branch offices in Arlington of Virginia, Pittsburg of Pennsylvania, Doha of Qatar, Leiden of he Netherlands, Berlin of Germany, and Cambridge of the United Kingdom. The predecessor of the RAND was founded by U.S. air force in 1945, when Douglas Aircraft Company took over the RAND plan. In May 1948, RAND separated from Douglas Company and became an independent think tank. Its founder is an air force general Henry Harold. RAND claims that as a nonprofit organization, its goal is to promote welfare of American public and enhance social security through charity, education, and scientific technology. However, its main function when it was first established was to provide research, investigation, and information analysis for American military. In particular, RAND undertook research project of air force and obtained funding for it. Since the end of the Cold War, RAND has greatly expanded its research areas. In addition to strategic and security studies, it has covered many civilian research program, including child policy, democracy and justice, education, environment and energy, health, international policy, labor market, national security, population and religion studies, sciences and technology, social welfare, terrorism, and transportation. RAND has made great contributions in aviation, computer science and artificial intelligence. Many of its experts are scientists, including several Nobel laureate.

In the area of international strategy, former U.S. Secretary of Treasury Paul Henry O'Neill, former Secretary of Defense Donald Rumsfeld, former Secretary of State Condoleezza Rice, and famous scholar Francis Fukuyama all served as senior fellow or board member of RAND. Evan Medeiros, National Security Council Director for Chinese and Mongolian Affairs during the Obama administration, was a senior fellow at RAND. His research areas then include Chinese foreign and security policies, U.S.-China relations, and Chinese military industries. In 2000, Medeiros was a visiting scholar at the Institute of American Studies at the Chinese Academy of Social Sciences. He co-authored an article on China's New Diplomacy with a Ph.D. student of Stanford University Center for International Security and Cooperation Taylor Fravel and published in *Foreign Affairs* (No. 6, 2003), which has considerable influence in American academic and political circles.

RAND is also one of the institutes that first provided graduate program on public policy: Frederick Pardee RAND Graduate School, located in Santa Monica. Its special feature is that graduate students can work together with analysts to resolve practical social issues.

RAND made great accomplishment in China studies during the Cold War period. When China resumed its legal seat in the United Nations in 1971, RAND published a report titled *Remaking China Policy: U.S.-China Relations and Governmental Decision-making*, suggesting America to adopt a policy of "one China but not now." This proposal was soon adopted by the Nixon administration. In the wake of the 1989 political incident in Beijing, RAND suggested the

American government not exercise unilaterally economic punishment against China. Since the end of the Cold War, with the rise of China's international status, RAND has greatly enhanced its China studies, which are located in the RAND Center for Asia Pacific Policy (CAPP). It also maintains a close relationship with Taiwan, often inviting official or nonofficial figures from Taiwan. For example, former premier and vice chairman of the KMT Vincent Hsiao visited the CAPP in March 2003, discussing Taiwanese economy and cross-strait relations with its experts.

1.4.33 United States Institute of Peace (USIP)

The USIP, located in Washington, DC, was found in 1984 according to U.S. congressional resolution to establish an institute for international affairs. Its goal is studying various means of resolving international conflicts, and providing policy reference and recommendations for U.S. Congress and administration—serving as their policy studies institute. The USIP has a board of trustees appointed by the president and approved by the Senate. Most of its board members have official backgrounds. It has three research centers, the Center for Conflict Analysis and Prevention, Center for Mediation and Conflict Resolution, and Center for Post-Conflict Peace and Stability Operations. China studies and cross-Strait relations are one of the major projects. The institute has training and visiting scholar programs as well.¹³³

USIP director Richard Solomon is a China hand, visiting China many times. He has rich working experiences in several U.S. administrations, including Assistant Secretary of State for East Asian and Pacific Affairs (1989-1992). During 1992 and 1993, he served as U.S. ambassador to the Philippines. Under the rise of nationalism in that country, he coordinated with the Philippines government to close American navy base there. In May 1999, he published a book titled *Chinese Negotiating Behavior*.¹³⁴

1.4.34 The Weatherhead Institute of East Asia Studies (Columbia University)

This institute was established in 1949, subject to Columbia University. It majorly studies the issue of China from the perspectives of academia, history and culture. Its director Xiaobo Lü once served as research fellow in the CFR (2001–2002) and

¹³³ Available at <http://www.usip.org/about-us/our-structure>.

¹³⁴ Richard H. Solomon, *Chinese Negotiating Behavior: Pursuing Interests Through "Old Friends"* (Washington, DC: United States Institute of Peace, 1999).

Stanford University Hoover Institute (1998–1999), specialized in Chinese politics, political economy, political corruption and management, and East Asia politics and economy. The institute is well known among Chinese students and Chinese American scholars.

1.4.35 Woodrow Wilson International Center for Scholars

The Wilson Center is a typical legacy-based think tank. It was founded by Congress in 1968, in memory of the 28th president of the United States. As one thirds of its funding comes from the governmental appropriation, it is called “official and national memorial.”¹³⁵ Unlike other think tanks, the Wilson Center provides scholarships for international applicants (including scholars, officials and businesspeople) with different backgrounds. Its impact on U.S. policy is not instant, but in a long term and indirect way. The Wilson Center publicizes its activities and influence through broadcasting, open meetings, publications, and electronic communication. It publishes several journals, including the *Wilson Quarterly*. Former Democrat Congressman Lee Hamilton served as director of the Wilson Center for a long time. China studies are located in the Asia Program, with Robert Hathaway as its director until recently.

The Wilson Center often invites scholars and experts to various seminars or formal conferences. It publishes occasional special reports to accommodate the views of the participants in a precise format, providing reference to policymakers. In 2002, after President Bush visited China and Chinese Communist Party convened its 16th national congress, the Wilson Center provided a timely analysis and summary of these events by inviting experts to seminars or giving lectures. In July 2004, the center invited Jiunn-Rong Yeh, member of constitutional revision group under the president and minister of the Research, Development and Evaluation Commission, the Executive Yuan, Taiwan, together with University of Pennsylvania Law School professor Jacques deLisle, Tufts University Fletcher School of Law and Diplomacy associate professor Alan Wachman, and CSIS senior associate Bonnie Glaser to explore domestic inspiration and external constraints on Taiwan’s constitutional reform through referendum.

In 1997, the Wilson Centre founded China Environment Forum Project, aimed at promoting exchange and dialogue among environmental policy experts from the United States, China, and other Asian countries. The project has planned and organized a series of international research projects, seminars and other academic activities. It convenes about 15 meetings in Washington, DC on Chinese environment and energy issues. The project published *Chinese Environment Journal*, with more 200 pages for each issue, collecting policy analysis of Chinese environment and energy. The Wilson Center uses its media means to spread over the

¹³⁵Available at http://www.wilsoncenter.org/index.cfm?fuseaction=topics.home&topic_id=1421.

project's research products. Since summer 2006, most of meetings can be watched from web video. From the website of the project, people can find its news, working briefs, and preannouncements of activities. The project works with University of Vermont Law School to provide support for Cooperative Program on U.S.-China Environment and Law, having provided leadership training for 18 experts from the United States and China. The project also works with Chinese institutes to study the issues of water resource in Taihu Lake, desertification and water shortage in Inner Mongolia, and drinking water in karst area of Yunnan Province.

In 2008, the Wilson Center established Kissinger Institute on China and the United States directed by Staplton Roy, former U.S. ambassador to China, aimed at studying U.S.-China relations. The institute has no research fellow at resident, but do provide a platform for discussion and lectures, inviting relevant experts and officials to meetings or express their views on the bilateral relations.

Chapter 2

U.S. Think Tanks and Taiwan Policy

Wenzhao Tao

2.1 The New Post-Cold War Situation and U.S. Taiwan Policy

A succession of tremendous and profound changes has occurred after the fall of the Berlin Wall in November 1989. The Soviet Union collapsed in December 1991, indicating the end of the Cold War. The Cold War was the longest historical event in the 20th century world, and its end has brought about far-reaching influences on international politics. It has also influenced U.S. China policy, including its policy to Taiwan. The mainstream viewpoints on U.S.-China relations as well as China in American political circle and academia have undergone substantial changes. These viewpoints, however, were not unchangeable. In effect, American views on China and the bilateral relations have witnessed constant changes over the two decades since the end of the Cold War, mainly due to the development in international relations.

2.1.1 *Main Factors Influencing U.S. Taiwan Policy After the Cold War*

As Chas Freeman, Jr., an American scholar and former Assistant Secretary of Defense for International Security Affairs puts, three events deeply influenced U.S.-China relations around 1989. First, the collapse of the Soviet Union and end of the Cold War reduced the significance of the “great strategic triangle” idea. The Chinese role as a balancer between the United States and the Soviet Union thus

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vanished. Second, disappointment of China overshadowed U.S.-China relations after the 1989 political turmoil in Beijing. The third event was the initiation of democratization in Taiwan.¹ The first event terminated U.S.-China strategic partnership, degrading the Chinese status in the eyes of Americans. The other two events generated a negative image of China among majority American people, while their favorable impression of Taiwan has increased.

2.1.1.1 Change of Views on U.S.-China Relations

President Richard Nixon's visiting to China in February 1972 with the announcement of Shanghai Communiqué was the greatest geopolitical change during the Cold War, signaling the formation of the "great strategic triangle." There were numerous elements prompting a close China-U.S. relationship as well as the following normalization process, their concerns about the Soviet Union aggressions being undoubtedly the determining factor. The Soviet Union's aggressions conveyed different meanings to China and America. For China, Russia posed a grave threat to its national security. For the United States, Russia was conceived as a well-matched rival in seeking world hegemony, threatening U.S. hegemonic interests in the world. China and America therefore found a common ground: Both conceived Russia as a threat and shared mutual need to counter it. This situation stayed nearly unchanged in the 1970s and the 1980s. Against this backdrop, Ronald Reagan, an allegedly pro-Taiwan president, nevertheless reached and signed the third communiqué with China in 1982, namely, the Joint Communiqué on U.S. arms sales to Taiwan. Since then, particularly after mutual visits of state leaders started in 1984, the bilateral relations have entered into a period of stable development. A comprehensive relationship has developed swiftly between the two countries, particularly in the field of military cooperation and technology transfer.

After the end of the Cold War and the disappearing of Soviet threat, the United States lost the enemy on which its global strategy was based for four decades. Therefore, U.S. strategy was facing a fundamental change. In terms of its China policy, the previous strategic foundation of U.S.-China relations was shaken, and the two countries' common worry about the threat from Russia no longer existed. Therefore, China-U.S. strategic cooperation in a post-Cold War world lost its foundation. For many Americans in the political circle and academia, the bilateral relationship has no strategic significance, with an ambiguous widespread view of China as "neither foe nor friend." Some American politicians and scholars argued that China carried no much importance to the United States. Strategically America did not need China any more and economically the export amounts of the United States to China were even smaller than that to the small European country like Austria. Hence, the significance of the U.S.-China relations to America had greatly

¹Nancy Tucker, ed., *China confidential, American Diplomats and Sino-American Relations, 1945-1996* (New York: Columbia University Press, 2001), pp. 451-452.

decreased, and China needed the United States much more than the other way. One senator said, “The Cold War is over. ... Now, ... when we turn over the China card, it’s a deuce.”² Furthermore, in the eyes of many Americans in the political and academic circles, Chinese foreign policy and behavior patterns went against the interests of the United States in various aspects. The two countries have different positions toward the Gulf War. China’s polity toward Khmer Rouge, some Middle East Countries and Pakistan suggested that China is more like “part of problems” than “a player to resolve problems” in international affairs. At that time few people in Congress dared to openly say that normal bilateral relations should be maintained. Some business leaders did not dare to openly argue for maintaining the most favorable nation (MFN) treatment to China as well, for fear of protest from the public. Meanwhile, some politicians with political visions admitted that Washington and Beijing are mutually needed and the bilateral relations are quite important to the United States even though the Cold War was ended. U.S. President George Bush tried his best to hold against pressure from Congress to maintain China’s MFN status, avoiding greater retreat of the bilateral relations.

Bush’s understanding of U.S.-China relations was not immediately accepted by his successor. Bill Clinton attacked heavily the Bush administration’s China policy during the presidential campaign. After assuming the presidency, he advanced a stupid policy of linking the MFN treatment with human rights circumstance in China. It is only after several years of dealing with China that the Clinton administration gradually realized the two countries have common interests in the post-Cold War world. It is not only China needs the United States but the United States needs China as well. Therefore in the later period of his first term Clinton gradually changed his policy to stabilize the bilateral relations and reached a consensus with the Chinese leaders to strive to establish a constructive strategic partnership.

But the understanding of the Clinton administration is not yet that of conservatives in American Republicans. Since the late 1940s U.S. China policy has always been a “football” in American domestic politics. The Republican conservatives made strong reactions against the Democratic administration. They believed that the United States and China were competitors and even strategic competitors. It was under this atmosphere that George Walker Bush came into office.

However, human behaviors were subject to the changing situations. Despite a little shock to U.S.-China relations after Bush came to office, he immediately realized the two countries’ common interests and expressed his willingness to develop the bilateral relations. The attacks to New York and Washington by international terrorists organization on September 11, 2001 ironically advanced a new consensus among American society on the necessity of cooperation with China. During the period of the Bush administration the two countries cooperated in

²Harry Harding, *A Fragile Relationship: The United States and China since 1972* (Washington, DC: Brookings Institution Press, 1992), p. 291.

many spheres, including anti-terror, preventing the proliferation of mass destruction weapons (MDW), and developing security interdependence between them.

2.1.1.2 Change of Views on China

American views on China have been always changing since the end of the Cold War. After China's reform and opening-up, many Americans looked at China through rosy lens. They thought they would soon realize the dream of Christianizing China pursued by American preachers over the past one century and believed that an unavoidable outcome of China's reform and opening-up was to reach Western democracy. The American public turned to regard China favorably.³ The political incident in Beijing during the spring 1989, however, broke up Americans' fantasy and fundamentally changed Americans' views on China. For some Americans, China is a country without democracy, human rights and the rule of law. Arkansas Governor Clinton claimed during his presidential campaign in 1992 that he "would never tolerate dictators from Beijing to Baghdad," demonstrating his tough position on the issue of human rights.⁴

Accordingly, a view gained popularity in the United States in the 1990s, i.e., "China collapse." Due to the upheaval in the Eastern Europe and the disintegration of the Soviet Union, some people from the American political and academic fields began to wonder if China would follow the suit of the Soviet Union since a country with communists in power for more than 70 years could disintegrate so swiftly.⁵ Some even consider "China was at the margin of territorial split, political collapse or democratic revolution."⁶ Therefore, "pushing for change" was regarded as a priority in U.S. China policy in the early 1990s.⁷

However, China's development is beyond their expectations. Following Deng Xiaoping's strategy of "observing calmly, holding on positions, handling international affairs with determination, keeping low profile, and making some accomplishments," China survived grave shocking wave of dramatic change in East Europe countries and the Soviet Union, and insisted on reform and opening-up unwaveringly. In particular, Chinese economy grew continually after Deng Xiaoping's "southern tour." Such an unexpected development in China turned some Americans from one extreme to the other. Argument of "China threat" quietly appeared in the United States from 1995 to 1996 or so. The mutual visit of China-U.S. leaders between 1997 and 1998 could be taken as a mark of renormalizing their

³Wenzhao Tao, *Zhongmei guanxi shi* [A History of China-US Relations, 1972–2000] (2nd Volume) (Shanghai: Shanghai People's Press, 2004), p. 189.

⁴James Mann, *About Face. A history of America's Curious Relationship with China, from Nixon to Clinton* (New York: Alfred A. Knopf 1999), p. 262.

⁵Michel Oksenberg, "The China Problem," *Foreign Affairs*, Vol. 70, No. 3 (Summer 1991), p. 2.

⁶Harry Harding, "Red Star Rising in the East," *Washington Post*, March 9, 1997, p. X-4.

⁷David Shambaugh's report at the Institute of American Studies, Chinese Academy of Social Sciences, November 4, 2009.

bilateral relations in the post-Cold War era. A consensus on U.S. China policy began to appear, which was quite fragile nevertheless.

The “September 11 attacks” quickly accumulated a consensus in American society that terrorism was the main threat to U.S. security and China was not the main threat, at least not the direct threat to the United States. Rather, China was regarded as a partner in American anti-terror war. Thus, the debate on “China threat” temporarily ended. According to a public survey in September 2003 in the United States, 9% of respondents thought that China was a partner of the United States, and 44% thought China was a friendly country—53% in combination. Meanwhile, those regarding China as the greatest threat decreased by 70% compared with that in 2001.⁸

U.S. Deputy Secretary of State Zoelick mentioned that China should become a responsible stakeholder in the current international system in a speech on September 21, 2005, and asked China to construct an international system in the future with the United States.⁹ This indicated a new consensus on China and U.S.-China relations that had formed in the United States.

2.1.1.3 U.S. Views on Taiwan

In a great contrast to Americans’ views on the Chinese mainland in the 1990s, Taiwan has undergone its political democratization and localization since the late 1980s.

In addition to U.S. security commitment to Taiwan, the *Taiwan Relations Act* (TRA) also stipulated: “Nothing contained in this Act shall contravene the interest of the United States in human rights, especially with respect to the human rights of all the approximately eighteen million inhabitants of Taiwan. The preservation and enhancement of the human rights of all the people on Taiwan are hereby reaffirmed as objectives of the United States.”¹⁰ The background of this stipulation was that many people in U.S. Congress were very unsatisfied with human rights record of the KMT (the Chinese Nationalist Party) authorities in Taiwan in the 1970s and early 1980s. Actually, Congress heavily criticized Taipei along with the Marcos government in the Philippines and the Pinochet government in Chile in the 1970s for their poor human rights records. The aforementioned stipulation incorporated in the TRA was meant to urge Taipei to improve their human rights performance. House passed a resolution on political development in Taiwan on November 18, 1985, appealing the KMT authorities to accelerate democratic progress by “allowing the formation of genuine opposition political parties;” “ending censorship and guaranteeing freedom of speech, expression, and assembly;” and “moving

⁸CNN/USA Today/Gallop Poll (September 19–21, 2003).

⁹For details, see Chap. 6 of this book.

¹⁰Lester L. Wolf and David L. Simon, eds., *Legislative History of the Taiwan Relations Act with Supplement* (New York: Pacific Community Institute, 1993), pp. 288–289.

toward full representative government.”¹¹ This is just one of many resolutions passed by House and Senate as well as their committees.

In the late 1980s, under the influence of democratization wave in the world, improvement of cross-Strait relations and change in domestic environment, Taiwan began to carry out democratization reform. The third plenum of Twelfth Nationalist Party Congress was convened in Taipei from March 29 to 31, 1986. The plenum passed the main agenda *Chengshang qixia, kaituo guojia guangming qiantu* [*Opening a Bright National Future Retrospectively and Prospectively*]. The agenda included KMT’s understanding of domestic and foreign situation, and the goal and contents of the “reform” as well as its basic outlines. The agenda, arguing about the necessity of “political reform,” pointed out that Taiwan was confronted with new challenges and many urgent issues to be “reformed” and resolved while having achieved “bright progress.” This plenum was the watermark in the process of Taiwan’s democratization.

Chiang Ching-kuo (CCK) declared in July 1987 to revoke the Martial Law that had implemented for 38 years in Taiwan. Before that, the Democratic Progressive Party (DPP) was established in September 1986 and the KMT authorities took a tolerate attitude. After the revocation of the Martial Law, 30 relevant stipulations and regulations were ceased to perform. The newly issued “National Security Law” loosed limitations on human rights of assembly, association, and boarder entry and exit, civil trial and so forth. The KMT authorities cancelled prohibition on establishment of new parties and publication of newspaper thereafter. New parties mushroomed in Taiwan and broke up the legitimation of one party rule, leading to the gradual formation of political structure of “multi-party competition and two-party checks and balances.” Politics began to be separated from economy and the island gradually transited from “authoritarian politics” to “party politics.” There were 31 kinds of newspaper before the reform, but they quickly amounted to sixties to seventies.

CCK passed away in January 1988, and Lee Teng-hui succeeded him in charge of party, government and military power. Lee further promoted localization and political and economic reforms centered on party politics, increasing the percentage of native Taiwanese in the power structure.¹² From the 13th congress of the KMT in July 1988, the trend of Taiwanization within the new leadership became clearer. In December 1992, the legislature was reelected and some elder legislators coming from the mainland in the 1940s either passed away earlier or retired now, and all legislators were elected by Taiwanese people. In 1996, the Taiwan area held its first direct election of its leader.

¹¹“House Current Resolution concerning Political Developments on Taiwan,” November 18, 1985, in Joanne Jaw-Ling Chang, ed., *Report on Sino-U.S. Relations, 1985–1987* (Taipei: Institute of American Culture, Academia Sinica, 1989), pp. 257–258.

¹²Except for minor aboriginals (less than 1%), most Taiwanese were migrated to the island from the mainland. In general, those people came to Taiwan before the end of War of Resistance Against Japan as well as their descendants are called Taiwanese, those came to Taiwan after War of Resistance Against Japan are called Mainlanders.

Bipartisan system, freedom of speech, direct elections of legislators and leaders on the island were all deemed by American political circle and media as a trend matching American value. Americans thus encouraged and appreciated what Taiwan had done. Taiwan's status was newly advanced in the eyes of some Americans: Taiwan had not only taken off economically with American assistance, but also successfully transformed from an authoritarian society to a democracy without social chaos under American political guidance. Taiwan was simply like America's "Chonger [favorite son]." As Chas Freeman puts, "As Taiwan's economic prosperity has advanced and its democratization has proceeded, it has had an easier and easier task of selling itself in the United States, since it has, in fact, become increasingly admirable as a society, and its natural affinities with Americans have grown, rather than diminished."¹³

For the United States, another part of meaning of Taiwan's democratization is that it has served as an example of transformation from an authoritarian society to a democratic society. The existence of Taiwan as a model is important for America to expand its values in Asia, linking with American goal of moving China toward Western-expected democratic and free society through evolution.¹⁴

2.1.2 The Evolution of U.S. Taiwan Policy After the Cold War

2.1.2.1 George Bush Administration

The new situation after the end of the Cold War unavoidably influences U.S. Taiwan Policy. The first issue standing out was the sales of F-16 A/B fighters. Since the early 1980s, Taipei had always been asking for the arms sales but the United States had not agreed. However, Washington and Taipei took advantage of the loop in the August 17th Communiqué and the United States helped Taiwan to develop weapons through technological transfer, which was not mentioned in the Communiqué. Four U.S. military enterprises participated in the research and production of "Ching-kuo Fighter."¹⁵

Facing with the drastic changes occurred in East Europe and the Soviet Union, the United States began to consider adjusting its national security strategy. In March 1990, the Bush administration put forward his first *National Security and Strategy*

¹³Michael Chase, "U.S.- Taiwan Security Cooperation: Enhancing an Unofficial Relationship," in Nancy Tucker, ed., *Dangerous Strait. The U.S.- Taiwan- China Crisis* (New York: Columbia University Press, 2005), p. 165.

¹⁴Martin L. Lasater, *The Changing of Guard. President Clinton and Security of Taiwan* (Boulder: Westview Press, 1995), p. 225.

¹⁵Chen I-Hsin, *Duanjiao hou de zhongmei guanxi* [Sino-U.S. Relations after Breaking off Diplomatic Relations, 1979-1994] (Taipei: Wunan Book Co., Ltd., 1995), p. 187.

Report, advancing a vision of “creating a new era beyond containment.”¹⁶ A trend of reversing China-U.S. relations and three Communiqués occurred accordingly. The newly retired American ambassador to China James Lilley called the regime of Communist Party of China (CPC) as “decaying dynasty” in a speech at Pennsylvania State University in September 1991. He thought that China’s claim of its sovereignty over Taiwan was an “obsolescent mistake,” and the U.S. China policy “had been locked in the three communiqués for too long.”¹⁷

The Bush administration confronted with a bad fortune: the recess of American economy and a shrinking weaponry market in the early 1990s. The administration adopted a series of measures to enhance competitiveness of American military-industrial entrepreneurs in the international market. Taiwan is a market coveted by international military-industrial entrepreneurs, as the island has both demands and capabilities for arms purchases. At the time, Taiwan simultaneously asked the United States and France to sell F-16 fighters and Dassault Mirage 2000 fighters, and military-industrial entrepreneurs from the United States and France were competing to have Taiwan as a buyer. The deal of F-16 might impact employment of 5800 persons of GM Corporation in Texas. 1992 was a year of elections. Because of economic circumstances then and the failure of the Bush administration in promoting economic growth, its supporting rate clearly lagged behind Democratic candidate and Arkansas governor Bill Clinton.¹⁸ For a long time, China policy has been a “football” in American domestic politics, especially during the election year. During this election, Clinton played greatly with the human rights issue in China. GM lobbied Congress to exert greater pressure on the Bush administration. 100 members of Congress (including 53 Democrats and 47 Republicans) and 54 senators, respectively, sent joint letters of appeal to Bush to support sales of F-16 A/B fights to Taiwan.¹⁹

Within the administration, opinions varied obviously over whether or not to sell F-16. Department of Defense advocated the sales, but the Department of State opposed it. James Lilley began to serve as Assistant Minister of Defense in charge of international security, responsible directly for U.S. military relations with Asian countries. He made efforts to promote U.S.-Taiwan relations, employing his discretionary power. He believed that the People’s Liberation Army (PLA) had enjoyed supremacy over Taiwanese military unprecedentedly and broken military balance across the Taiwan Strait because of the aging of Taiwan air force and

¹⁶“National Security Strategy by George W. Bush,” *US Department of State Dispatch*, Vol. 1, No. 1, March 3, 1990.

¹⁷James Mass, *About Face*, pp. 258–259.

¹⁸The supporting rate for President Bush was 82% in March 1991, and decreased to 50% by December of the same year. It fell down again to 39% in April 1992. See Robert Ross, “The Bush Administration: The Origin of Engagement,” in Ramon H. Myers, Michel C. Oksenberg and David Shambaugh, eds., *Making China Policy: Lessons from the Bush and Clinton Administrations* (New York: Rowman and Littlefield Publishers, Inc., 2001), p. 38.

¹⁹Patrick Tyler, *A Great Wall. Six Presidents and China* (New York: A Century Foundation Book, 1999), p. 376.

purchase of Su-27 fighters on the part of the mainland.²⁰ His position was supported by Defense Minister Dick Cheney, Vice Defense Minister Paul Wolfowitz, but opposed by the Department of State. Assistant Secretary of State William Clark drafted a memorandum to the White House, indicating that this arms sales deal would incur strong reaction from China. U.S. Ambassador to China Steplton Roy regarded the sales as against the 1982 Communiqué. But officials in favor of the sales claimed that the purpose of the Communiqué was just for maintaining military balance between the two sides of the Taiwan Strait, and President Reagan personally thought this way. In fact, the White House then had already made the decision of selling the fighters to Taiwan; the opposition of the Department of State could change nothing.

This decision of the Bush administration was a severe incident in U.S. Taiwan policymaking. First, it seriously violated the August 17 Communiqué. Since the conclusion of the Communiqué, Washington basically obeyed it. Although U.S. arms sales to Taiwan had not been reduced in terms of quantities and functions every year and even increased slightly sometimes, but no great breakthrough had ever occurred.²¹ The arms sales in 1992 were another case. The 150 F-16 A/B fighters valued over \$5.8 billion and surpassed the total amount of arms sales to Taiwan in the decade from 1982 to 1991. These arms sales opened a bad precedent against the Communiqué with far-reaching influence. Second, the TRA stipulates that the United States only provides defensive weapons and equipment to Taiwan, but F-16 A/B is undoubtedly an offensive weapon with a flying radius of more than 3000 km. Therefore, these arms sales were a breakthrough not only in quantities but also in functions. The arms sales virtually overrode the formulations of the TRA and could be thought as an important adjustment of U.S. Taiwan policy after the end of the Cold War. It was conceivable that the Chinese government firmly opposed the decision of the Bush administration.

Bush was not lack of knowledge of the history of China-U.S. relations. He understood the seriousness of this arms sales and possible reactions from China. His National Security Advisor Brent Scowcroft explained to Chinese Ambassador Zhu Qizhen, “This sale of F-16 is not done for Taiwan or for you.” “It is being done because the production line is in Texas and Texas is crucial to the President.”²² Since then, the Bush administration also adopted some measures to reduce the negative impact of F-16 sales, such as cancelling limitation in selling satellites and their components to China, sending Secretary of Commerce Barbara Franklin to China in December and restoring the meetings of China-U.S. Joint Commission on Commerce and Trade (JCCT) which had been interrupted for three years, cancelling four prohibitions of arms sales to China including the return of J-8 fighters that had

²⁰It was said that Taiwan has lost 150 airplanes over the past ten years; its total airplanes have been reduced from 500 to 350. See *About Face*, p. 265.

²¹Chen I-Hsin, *Duanjiao hou de zhongmei guanxi*, p. 196, Fig. 8-2.

²²Patrick Tyler, *A Great Wall*, p. 378.

been sent to the United States for updating electronic equipment, providing ammunition production lines and four anti-submarine torpedoes.²³

2.1.2.2 Bill Clinton Administration

In the two terms of the Clinton administration, the United States made twice adjustments of policy to Taiwan. The first one includes the review of Taiwan policy and Lee Teng-hui's visit to America. These measures were meant to upgrade U.S.-Taiwan relations. The second adjustment includes Clinton's "three no's" statement during his visit to China and opposition of Lee Teng-hui's "two-state theory." These were aimed to return to the one China policy.

Taipei knows well the political operations of three branches of power in the United States and engaged in lobbying Congress for quite a long time. The distinguished China expert David Lampton argues that except for Israel none external entity can effectively lobby in the United States like Taiwan.²⁴

In the new Congress from 1993 on, some members of Congress proposed various resolutions to enhance relations with Taiwan one after another, among which the most influential amendment was put forward by Congressman Frank Moukowski. This amendment argued that relevant articles in the TRA "had replaced" some formulations, instructions and policies in the August 17th Communiqué. On July 15th, the Senate Foreign Relations Committee passed this resolution with 20 versus 0 ratio. The U.S. Senate incorporated this resolution in *Department of State Authorization Act, 1994–1995*. The *Authorization Act* passed in House had not included this resolution, however. Finally, the two cameras reached a compromise by changing the article in the Senate's *Authorization Act* into a *Statement* without binding power. This *Statement* claimed that "the Taiwan Relations Act take primacy over statements of United States policy, including communiqués, regulations, directives, and policies based thereon." It also requires the President to assess changes in China's capabilities and intentions on a regular basis and consider whether it is appropriate to adjust U.S. arms sales to Taiwan accordingly.²⁵ This statement made Taiwan excited, thinking it "had laid foundation for substantial relations" between the United States and Taiwan in the future.

Soon after Clinton took office, various pressures came to him one another: Congress wanted to treat Taiwan nicely, media recognized and appreciated Taiwan's democratization, and business circle wanted to deal with their counterpart in the island more conveniently. The Clinton administration responded to these pressures through a review of U.S. Taiwan policy. On September 27, 1994, the

²³Chen Yongxiang, ed., *Bushi yu zhongguo* [Bush and China] (Nanking: Nanking University Press, 2002), p. 134.

²⁴David Lampton, *Same Bed, Different Dreams. Managing US-China Relations, 1889–2000* (Berkeley, CA: University of California Press, 2001), p. 103.

²⁵Martin L. Lasater, *The Changing of the Guard*, p. 141.

Clinton administration announced the adjustment of U.S. Taiwan policy. The main points are:

First, Taiwanese representative office in the United States was renamed from the Coordination Council for North American Affairs (CCNAA) to Taipei Economic and Cultural Representative Office (stationed in Washington, D.C.). A dozen or so institutions stationed in other places of the United States were called Taipei Economic and Cultural Office.

Second, Taiwanese representative officials could meet their counterparts in American governmental institutions, except for the Department of State, the White House, and its west wing (referring mainly to National Security Council); economic officials at sub-cabinet level could dialogue with each other to handle important bilateral issues.

Third, periodical meetings between officials at the cabinet level could be convened to handle economic and technological issues; U.S. cabinet-level officials in economic and functional departments could visit Taiwan; Taiwanese “president,” “vice president,” “head of Executive Yuan” and “deputy head of Executive Yuan” were allowed to have transit stops in the United States, with limited time period. Their private visits to America were not allowed, though.

Fourth, although the United States did not support Taiwan’s participation in international organizations requiring statehood, it supported “Taiwanese voice to be heard” in these organizations, and supported Taiwan to participate in international organization without the requirement of statehood, such as the World Trade Organization, and Asian-Pacific Economic Council.²⁶

But this policy review by the Clinton administration made nobody feel happy (*liwai bu taohao*). The reaction from Congress was “critical because of the policy’s cosmetic nature.” Some senators called the administrations “official pettiness,” saying “we continue to give Taiwan the cold shoulder...Taiwan has a multiparty system, free elections, and a free media—the things we profess to champion—while we continue to cuddle up to the mainland government;” the administration treats “one of our closest democratic allies in the Pacific even worse than we treat North Korea, Cuba and Libya ... This is a tragic mistake ... The administration’s so-called ‘policy change’ is a slap in the face to Taiwan. This sends a terrible message to emerging democracies around the world.”²⁷ U.S. policy adjustment clearly had not reached Taiwan’s expectation. Taiwanese “Foreign Minister” Fredric Chien said, “There’s some progress, but basically speaking are disappointed.”²⁸

Soon after the result of this review was released to the public, the Clinton administration began to implement it. In early December 1994, U.S. Secretary of Transportation Federico Pena came to visit Taiwan for three days, and gave a

²⁶“Taiwan Policy Review,” Statement before the Senate Foreign Relations Committee by Winston Lard, September 27, 1994, *US Department of State Dispatch*, Vol. 5, No. 42.

²⁷Martin L. Lasater, *The Changing of the Guard*, p. 147.

²⁸Martin L. Lasater, *The Changing of the Guard*, pp. 147–148.

speech at U.S.-Taiwan Business Council. This was the highest visiting official to Taiwan since Clinton came to office. Expectedly, Pena claimed that his visit was unofficial when arriving Taiwan, following the precedents. However, Taiwanese officials considered this as a “breakthrough” in Taiwan-U.S. relations.²⁹

U.S. Taiwan policy adjustment encouraged Taipei to strive for greater breakthrough in their relations with Washington. Lee Teng-hui made some progress in Taiwan’s external relations via “pragmatic diplomacy,” “holiday diplomacy,” “golf diplomacy,” “silver bulled diplomacy,” and “flexible diplomacy.” Taiwan’s “diplomatic allies” once increased to 31. But what Lee Teng-hui hoped most was to visit the United States, aimed to increase his supporting rate in the 1996 direct leadership elections. In June 1994, Taiwan Research Institute under Lee Teng-hui’s direct control signed a contract with Cassidy & Associates, a lobby company in Washington, D.C. According to the contract, Taiwan would pay \$4.5 million to the company, and the company needed to “create a miracle” in U.S.-Taiwan relations. Not only the public but also foreign affairs department in Taiwan was ignorant about this deal.

In addition to lobby on Congress, Taiwan resorted has other channels to influence various circles of American society. *Formosa Association for Public Affairs* (FAPA) is one of them. The association was established in 1982, consisting mainly of Taiwanese Americans. Its priority is to “obtain international support of the rights of Formosan in determining their future.” One of its publications in 1998 was titled “*Toward de Jure Independence*.”³⁰

Although the Clinton administration had conducted review of Taiwan policy, it still expressed the idea that U.S.-Taiwan relations could not change the nature of “nonofficial.” Therefore, it was impossible for Lee Teng-hui to visit the United States in “official capacity.” Lee therefore accepted James Lilley’s advice and approached his Alma Mater, Cornell University, proposing to offer \$4.5 million aid to the university in exchange for an invitation to visit it. However, the Department of State was very aware of the possible serious implication of Lee’s visit and refused to issue a visa. On April 17, 1995, Secretary of State Warren Christopher told Chinese Foreign Minister Qian Qichen during the meeting period in the United Nations that Washington would not issue visa to Lee, adding that Lee’s visit did not fit the unofficial nature of U.S.-Taiwan relations and that Washington might consider to extend the days in Lee’s transit stop visa at the most.³¹

²⁹Liu Liandi and Wang Dawei, eds., *Zhongmei guanxi de gui—jianjiao yilai dashi zonglan* [Trajectory of Sino-U.S. Relations: Big Events Since the Establishment of Diplomatic Ties] (Beijing: Current Affairs Press, 1995), p. 475.

³⁰David Lampton, *Same Bed, Different Dreams*, p. 104.

³¹James Mass, *About Face*, p. 322; Qian Qichen, *Waijiao shiji* [Ten Events in Diplomacy] (Beijing: World Affairs Press, 2003), p. 305. Warren Christopher later explained that he told Qian Qichen about the growing pressure in Congress at the same time, which made it difficult for the administration to resist. See Warren Christopher, *In the Stream of History: Shaping Foreign Policy for a New Era* (Palo Alto, CA: Stanford University Press, 1998), p. 287.

On May 2, House passed a resolution of inviting Lee Teng-hui to visit the United States with a vote of 396 versus 0. On May 9, Senate passed the same resolution with a vote of 97 versus 1. The two resolutions just expressed the bicameral intention, without binding power on the administration. Some pro-Taiwan congressmen claimed that Congress would immediately take legislative action if the administration did not adopt congressional opinion. In fact, President Clinton himself was inclined to issue a visa to Lee. From the perspective of American values rather than U.S.-China relations, Clinton thought Lee's visit to his Alma Mater for alumni gathering was quite reasonably, but his visit must be purely private and apolitical.

On May 22, U.S. National Security Advisor Anthony Lake and Deputy Secretary of State Peter Tarnoff informed Chinese Ambassador Li Daoyu of the news that the White House would permit Lee's American trips. They claimed that this visit was purely private, and did not suggest any changes in U.S. policy. On June 7, Secretary of State Warren Christopher wrote a letter to Foreign Minister Qian Qichen, explaining to him that since House and Senate had passed the resolutions asking the administration to allow Lee's visit with overwhelming majority, "the President's consideration is to take a preempt action and prevent Congress from passing a legislature with binding power that will make U.S.-Taiwan relations seem official." Meanwhile, Christopher said that Lee's American trip was a "purely private visit," any administrative officials would not meet with him; Lee was not allowed to engage in any activities with official color. On June 8, Clinton called on a meeting with Ambassador Li in urgency. In addition to explaining his decision of allowing Lee's visit, he reiterated that the United States would carry on the one China policy, rather than "two Chinas" or "one China, one Taiwan" policy. The United States would continuously seek to establish a constructive relationship with China, and maintain its current China policy. Li Daoyu told Clinton immediately that Beijing could not accept American explanation.³²

On June 7, Lee Teng-hui visited the United States, accompanied by Jason Hu, Director of Government Information Office, and etc. Although U.S. Department of State had set up various limitations on Lee's visit, this trip still harmed U.S.-China relations. It was the first time since 1979 when the two countries established their diplomatic relations that the Taiwanese leader was invited to visit America. It also broke up the U.S. regulation announced shortly earlier. It damaged the "political foundation" of China-U.S. relations, tolerated the separatist tendency of Taiwan authorities on the island, and cultivated anti-China atmosphere in the world. In order to make the United States realize the seriousness of this issue, the Chinese sides adopted a series of countermeasures.

This visit had complicated impact on U.S.-Taiwan relations. Lee Teng-hui made his trip possible through manipulating congressional pressure on the administration, making it unhappy. He tried his best to break through the limitation set up by the State Department, creating antipathy among officials in the administration,

³²Qian Qichen, *Waijiao shiji*, p. 306 and pp. 309-310.

particularly those at the middle and low levels. The State Department asked to preview Lee's speech transcript, but was rejected. It hoped that Lee would not mention political issue, but he advocated without any reservation Taiwan's economic and political miracles in a speech titled *min zhi suo yu, chang zai wo xin* [What People Want Is Always in My Heart]. Moreover, Lee claimed that he would think unthinkable (*xiang bukeneng de shiwu tiaozhan*) and "breakthrough Taiwan's diplomatic isolation," using the term "Republic of China" many times in his speech. Therefore, his speech was highly political. Officials in Department of State felt being fooled by Taipei. Assistant Secretary of State Lord refused to meet Taiwanese Representative in the United States Lu Chao-chung after that.³³ After Lee Teng-hui's visit, the Clinton administration regarded him as a "trouble maker." This feeling gradually spread over to Congress. In the following several years, visiting congressmen to Taiwan, as well as their assistant or scholars "decreased drastically." The American media began to expose bribing scandals about Taiwan's employment of Cassidy & Associates as its lobbyist to support and entice academic groups and invite assistants of members of Congress to visit the island. Many people in Taiwan also believed that after Lee's American trips, Washington and Taipei actually "departed gradually," which is out of the original expectation of Taipei.³⁴

Although the Chinese side reacted toughly against Lee's trips to the United States, China and the United States shared comprehensive and deep common interests after all. Therefore, neither country wanted to exaggerate the problem, but adopted active measure to limit its damage to their bilateral ties and to restore normal relations. On August 1, foreign ministers of the two countries met in Brunei during the period of ASEAN Forum, and Warren Christopher handed a letter from President Clinton to Jiang Zemin, inviting him to visit America in the near future.³⁵ On October 24, Jiang Zemin and Clinton held a formal summit of two hours in New York when attending activities in memory of 50-years anniversary of the end of Anti-Fascist War hosted by the United Nations. Both leaders emphasized the importance of China-U.S. relations, their common interests, as well as the issue of Taiwan. After the summit, Warren Christopher specifically elaborated the issue of how to handle Taiwanese leader's visit to the United States. He promised that such visit will be privately, nonofficial and rarely, as an individual case. Still, he left over a loop:the United States cannot totally exclude the possibility of such a visit in the future.³⁶

At the eve of Taiwanese leader election in March 1996, the PLA conducted a missile exercise in specific areas of east and south China seas to indicate Beijing's

³³Nancy Tucker, ed., *China Confidential*, p. 481.

³⁴Su Chi, *Weixian bianyuan: cong liangguolun dao yibianyiguo* [Brinkmanship: From Two-State-Theory to One-Country-on-Each-Side] (Taipei: Commonwealth Publishing Co., Ltd, 2004), p. 51.

³⁵Warren Christopher, *In the Stream of History*, p. 298.

³⁶Qian Qichen, *Waijiao shiji*, p. 314.

serious concern about situation in Taiwan and threaten separatists in the island. The Xinhua News Agency released this news ahead of time. Even so, Washington sent two aircraft carrier groups to nearby sea areas close to Taiwan. The United States had employed a battle group of aircraft carrier of "Independence" in its military base in Okinawa. Originally, the State Department suggested sending this battle group of aircraft carrier to Taiwan. But U.S. Secretary of Defense William Perry thought it was not good enough, stressing the need of deploying another aircraft carrier group from somewhere else so as to manifest that the safety and stability of the West Pacific are in the U.S. interests and America has formidable military power to realize their interests. Perry even proposed to send aircraft carrier groups to pass through the Taiwan Strait. The U.S. Chairman of the Joint Chiefs of Staff John Shalikashvili and the commander of America's Pacific Fleet, however, considered it an unnecessarily provocative action. In the end, the Clinton administration made a decision that the aircraft carrier group of "Independence" set off to the high seas of the east of Taiwan, the aircraft carrier group "Nimitz" departed from the Gulf area as soon as possible to be deployed in the west waters of the Philippines. On 20th, the Xinhua News Agency announced the end of the PLA's maritime and air exercises in the East and South China Sea. On 25th, the PLA ended united military drill of army, navy and air forces in the Taiwan Strait. Cross-Strait tensions began to ease.

Although the U.S. deployment of two aircraft carrier groups consisting of 13 battleships and 150 airplanes was a military assembly with the largest scale in the region since the 1970s, this issue did not pose a crisis in a strict sense. As the Chinese government declared at the very beginning, this was just a military exercise. At the same time, the United States and Taiwan did not make a different judgment of it. However, from this issue the Clinton administration realized that the United States must seek to stabilize its relations with China as well as the situation in the Taiwan Strait. Since then, the U.S. government has emphasized that Washington opposes either side of the Taiwan Strait to change the *status quo* unilaterally. In a speech on U.S. China policy on May 17, 1996, Christopher too stressed, "Taiwan seeks an international role, it should pursue the objective in a way that is consistent with 'One China Policy.'" He also mentioned "the importance of avoiding provocative actions or unilateral measures that would alter the *status quo* or pose threat to peaceful resolution of outstanding issues"³⁷ The U.S. government officials told their Taiwan counterparts clearly in private that the "pragmatic diplomacy" of Taiwan could neither break the framework of one China nor seek to change the *status quo* unilaterally.

But it was just part of the problem. Another part was that the U.S. government sensed that the possibilities of military conflict still exist over the Taiwan Strait. So the United States fortified its military ties with Taiwan; this tactic per se was unhelpful for the stability of the Taiwan Strait.

³⁷"Address by Secretary of State Warren Christopher on American Interests and the U.S.-China Relationship, New York, May 17, 1996," *Foreign Policy Background*, May 20, 1996.

Against the backdrop of the improvement of China-U.S. relations, leaders from the two countries successfully visited one another in 1997 and 1998. Clinton had a roundtable discussion with people from all walks of life in Shanghai Library in the morning of June 30, 1998. When one scholar asked about U.S. Taiwan policy, Clinton responded, "I have had chance to reiterate our Taiwan policy, which is that we don't support independence for Taiwan, or 'two China,' or 'one China' and one Taiwan. And, we don't believe Taiwan should be a member of any international organization for which statehood is requirement."³⁸ This is what people called "three no's" policy, which is not new after all. Henry Kissinger articulated the same meanings during his first visit to China in July 1971. After that, especially after Lee's visit to the United States in 1995, both President Clinton and Secretary of State Warren Christopher had said the same words. However, it conveys different implications when the President himself announced this policy in Shanghai publicly. Taipei vigorously depreciates the meanings while criticizing Clinton's position on Taiwan policy.

Clinton's "three no's" policy caused backlash in Congress dominated by Republicans, however. Following Senate, House passed a resolution in July 1998 repeating U.S. "security commitment" to Taiwan, urged the Clinton administration to seek China's renouncement of military means against Taiwan, supported the "principle of Taiwan's self-determination," and supported Taiwan's entry into international organizations.³⁹ At the end of March 1999, Senate Foreign Relations Committee Chairman Jesse Helms and Democrat Senator Robert Torricelli took a lead to advance *Taiwan Security Enhancement Act* and House had proposed some similar resolutions afterwards. They wanted to clarify U.S. "security commitment" to Taiwan, and further advance U.S.-Taiwan relations, particularly in military area. They were actually to direct U.S.-Taiwan relations toward a military alliance, including (1) ensuring Taiwan to obtain necessary military equipment, including relevant equipment to the TMD System, diesel submarines, Aegis destroyers and other maritime anti-missile system, and improving Taiwan's air defense facilities; (2) training Taiwan's military personnel; and (3) establishing direct radio communication between Taiwanese military and U.S. Pacific Command.⁴⁰ Although the Clinton administration explicitly objected the standpoints of *Taiwan Security Enhancement Act* at the very beginning, House still passed its modified version on

³⁸Zheng Yuan ed., *Kelindun fanghua yanxing lu* [Clinton Remarks in His China Visits] (Beijing: China Social Sciences Press, 1998), p. 205.

³⁹*The Associated Press (AP)*, Washington, July 9, 1999; *Reuters*, Washington, July 20, 1999. Some pro-Taiwan former government officials attacked Clinton's remarks more heavily. Harvey Feldman, the last Director of Office of Chinese and Mongolian Affairs before the People's Republic of China (PRC) established diplomatic relations with the United States, disregarded the basic fact and even argued, "The United States has kept silence as regards to whether Taiwan is part of China." For him, Clinton's remarks "have damaged the successful policy of America over 30 years or so," and "this is the greatest, and probably very dangerous change in U.S. policy." *The Central News Agency*, Washington, July 19, 1999.

⁴⁰*Cankao Xiaoxi* [Reference News], May 21 and June 15, 1999.

February 1, 2000. However, Senate shelved this bill and did not vote for it. The bills voted by House previously had become invalid as the new Congress started in 2001. Another motion of Congress was to propose the Department of Defense to present an annual report to Congress about Chinese military power and security circumstances in the Taiwan Strait in the *National Defense Authorization Act for Fiscal Year 2000*.⁴¹

A tragic incident occurred on May 8, 1999. The Embassy of the People's Republic of China in the Federal Republic of Yugoslavia was hit by a missile launched by a U.S. bomber that was participating in an air raid against Yugoslavia. Lee Teng-hui exploited this as an opportunity, arguing that since Taiwan made constitutional reforms in 1991, it has "redefined cross-Strait relations as nation-to-nation, or at least as special nation-to-nation relations" in an interview by a correspondent of Deutsche Welle on July 9, 1999.⁴² This was a serious incident—the Taiwan authorities publicly denied the one China principle and broke the basic frame of stability in cross-Strait relations. Wang Daohan, the president of Chinese mainland's Association for Relations Across the Taiwan Straits (ARATS), was about to visit Taiwan in fall 1999 and to realize the third Wang-Koo meeting, with the possibility of opening political dialogue within the one China framework. Lee was determined to prevent this from happening. In order to prevent the third Wang-Koo meeting and create obstacles to it, Lee cast the so-called "two-state theory" at that moment.⁴³ The Chinese government solemnly denounced Lee's attempts of splitting the country.

The Clinton administration responded quickly to the "two-state theory." On July 12 and 13, both spokespersons from the White House and Department of State stressed that the U.S. government had long adhered to the one China policy. The U.S. government suggested the two sides of the Taiwan Strait to conduct "face-to-face" and "meaningful and substantial" dialogues, expecting neither party to obstruct the dialogue by words or actions.⁴⁴ Darryl Johnson, the Director of

⁴¹Shirley A. Kan, *China/Taiwan: Evolution of the 'One China' Policy—Key Statements from Washington, Beijing, and Taipei* (CRS Report for Congress, Updated April 10, 2002), p. 2.

⁴²The interpreter for Lee Teng-hui then was Bih-jaw Lin, who translated Lee's remarks as "state to state relationship, and two states in one nation." After the interview, Lin told German reporter that this was the first time that Lee Teng-hui had announced Taipei's new definition of cross-Strait relations openly. Suffice to say, Taipei had premeditated to do so then. See Xu Xuejiang, ed., *Weixian de yibu: liangguolun zhen mianmu* [A Dangerous Step: The True Face of Two-States Theory] (Beijing: Xinhua Publishing House, 1999), p. 89.

⁴³On July 13, Bih-jaw Lin called a consultative meeting between some member of the Straits Exchange Foundation (SEF) and Lee's advisory group. On the one hand, they discussed relevant issues related to Wang Daohan's forthcoming visits to Taiwan. Meanwhile, they made a judgment that possibility of Wang's visits has decreased, and the mainland would cancel Wang-Ku talks scheduled for October. In fact, to make the talks impossible was Lee Teng-hui's true purpose. *Cankao xiaoxi*, July 21, 1999.

⁴⁴Michael Laris, "Taiwan Jettison 'One China' Formula;irate Beijing Warns Step is 'Dangerous,'" *The Washington Post*, July 13, 1999, p. A-14; "Transcript: State Department Noon Briefing," July 13, 1999, *Bulletin*, July 14, 1999, pp. 3–6.

Taipei Office of American Institute in Taiwan (AIT), required Lee Teng-hui to explain the “two-state theory.” Putting on table the Constitution of the Republic of China and some relevant policy statements released by Taiwan in the past that he prepared previously, Johnson questioned whether the “two-state theory” had already deviated from the Constitution. From July 23 to 25, AIT Chairman of Board Richard Bush visited Taiwan, expressing unhappiness and deep concern about Lee’s sudden announcement of “two-state theory” without discussing it with Washington previously. Bush pointed out that the four elements of U.S. Taiwan policy for the past 20 years have been (1) one China policy, (2) commitment to fulfilling regulations of the TRA, (3) support of dialogues cross the Taiwan Strait, and (4) resolution of Taiwan issue in a peaceful manner. Taipei then promised Bush that they would never “amend the Constitution” or revise the Guidelines for National Unification and relevant legislations such as the Act Governing Relations Between the People of Taiwan Area and the Mainland Area. Taiwan would never change its current mainland policy. Consequently, the Clinton administration cancelled a visit of America military delegations to Taiwan.⁴⁵

On July 18, U.S. President Clinton made a call to Chinese President Jiang Zemin and exchanged their thoughts on the Taiwan issue. Clinton reiterated U.S. firm commitment of the “one China” policy and emphasized that Washington has not altered its policy on the Taiwan issue; Beijing should utterly believe his previous speeches on this issue.⁴⁶ By communicating through telephone since the “bombing of the Chinese Embassy” incident happened two months ago, the paramount leaders of the two countries reached a consensus concerning basic principles of their bilateral relations, which was obviously beneficial to stabilize the Taiwan Strait area and improve China-U.S. relations. On July 21, Clinton reaffirmed the three important pillars of U.S. policy on a press conference of the White House, i.e., “one China” policy, dialogues over the cross-Strait, and peaceful resolution of disputes. He talked about the “one country, two systems” policy implemented by the Chinese government in Hong Kong in an affirmative manner when answering questions from reporters. Clinton pointed out that Taiwan would enjoy a more relaxing environment after unification.⁴⁷ Secretary of State Madeleine Albright and National Security Advisor Samuel Berger respectively reaffirmed this standpoint on different occasions.

2.1.2.3 George W. Bush Administration

Just like that during the Clinton administration, the U.S. Taiwan policy underwent two adjustments during George W. Bush’s two terms in office. The first time is in

⁴⁵Robert Suettinger, *Beyond Tiananmen: The Politics of U.S.-China Relations, 1989–2000* (Washington, DC: Brookings Institution Press, 2003), p. 382.

⁴⁶*Xinhua yuebao* [Xinhua Monthly], No. 8, 1999, p. 40.

⁴⁷Liu Liandi and Wang Dawei, eds., *Zhongmei guanxi de guiji*, p. 263.

April 2001, when Bush revealed his stand that US would “do whatever it took to help Taiwan defend herself” and Bush ratified selling enormous amounts of advanced weapons to Taiwan, which sent a wrong signal to “Taiwan independence” separatists. The second one is from December 2003 to 2008, when Bush opposed Chen Shui-bian’s unilateral change of the *status quo* and set forth a series of measures to oppose *de jure* “independence of Taiwan,” which was considered as a return to the one China policy.

Bush applied an ABC (Anything but Clinton) policy during his early days in office in the hope of separating his policy from that of his predecessor. As for China policy, he thought that the Clinton administration had been insufficiently firm with China and had provided too little support for Taiwan. Therefore, he wanted to take steps to “rectify the situation.”⁴⁸ The previous administrations had maintained an allegedly “strategic ambiguity” according to the TRA. After Bush came into office, he was determined to “clarify” (*qingxihua*) U.S. Taiwan policy. Bush received an interview by the host of ABC News Charles Gibson on April 24 after he had been in office one hundred days. When the correspondent asked if the United States was obliged to protect Taiwan when it was under attack, Bush expressed that United States would “do whatever it took to help Taiwan defend herself.”⁴⁹ No president except Bush had ever expressed the similar words since the normalization of U.S.-China relations. It seemed that Bush tried to “mend fences” by saying “I am willing to help Taiwan defend herself, and that nothing has really changed in policy;” “I certainly hope Taiwan adheres to the one China policy, and a declaration of independence is not the one China policy” in an interview by CNN correspondent the next day.⁵⁰ However, these words could not eliminate the influence brought about by his previous stand, which was just what he thought. In fact, he conveyed the similar meanings during an interview in August 1999.⁵¹ Almost at the same time, Bush strived to enhance U.S.-Taiwan relations particularly in military areas. Washington promised to sell a host of weapons to Taiwan, including 4 Kidd-class destroyers, 8 diesel submarines, 12 P-3C anti-submarine warfare (ASW) aircrafts,

⁴⁸Richard Bush, *Untying the Knot. Making Peace in the Taiwan Strait. Taiwan, Asia, Northeast Asia* (Washington, DC: Brookings Institution Press, 2005), p. 262.

⁴⁹“Accepting an Interview by ABC’s “Good Morning America” Program after One Hundred Days in Office (taped on April 24 and broadcast on April 25),” Project Team of Institute of American Studies at Chinese Academy of Social Sciences, ed., *Bushi yanlun* [Bush’s Remarks], January 2002, p. 85. Some American scholars believe that the President has over-interpreted the spirit of the Taiwan Relations Act here. As Richard Bush puts it in an article, “Most of the TRA language is rendered as statements of policy rather than law, and so lacks binding force. For example, the TRA only states a U.S. policy of having the capacity to resist coercion against Taiwan, not an explicit commitment to use those capabilities. The only thing that a U.S. administration *must* do in a crisis is report to Congress.” Richard Bush, “Thoughts on the Taiwan Relations Act,” *China Times*, April 2009, <http://www.brookings.edu/research/opinions/2009/04/taiwan-bush>.

⁵⁰“jieshou youxian xinwenwang de caifang” [Bush Accepts CNN Interview], April 25, 2001, in *Bushi yanlun*, p. 94.

⁵¹Susan V. Laurence, “Bush to Chen: Don’s Risk It,” *Far East Economic Review*, May 20, 2004, p. 31.

12 MH-53E mine-sweeping helicopters, and 54 AAV7A1 amphibious armored vehicles; some of them like diesel submarines were just listed in the previous version of *Taiwan Security Enhancement Act*. It is safe to conclude that these actions were to activate *Taiwan Security Enhancement Act*. In March 2002, “ROC National Defense Minister” Tang Yau-ming flew to Florida to attend a National Defense Summit, U.S. Deputy Secretary of Defense Wolfowitz and some other officials attended this meeting. Tang was the highest-level official from the ministry to visit the United States since 1979. Deputy ministers from Taiwan, including Kang Ning-hsiang, Chen Chao-min and Lin Chong-bin, also visited the United States at different times, and they even unusually entered the Pentagon directly, surpassing the previous regulations by U.S. Department of State.⁵²

This policy adjustment had a great impact on cross-strait relations. After all, the DPP is a party aimed at Taiwan independence. Chen made a promise of “four no’s” in his inauguration speech in May 2000 insincerely,⁵³ and was seeking all opportunities to promote his “gradual independence” and “desinification” by employing all resources and means. Bush’s abovementioned statement gave a blank check to Taiwan. It seemed whatever Taiwan did would always get support from the United States, and Taiwan could rely on Washington to confront with the mainland. Many American scholars criticized Bush’s statement.⁵⁴

U.S.-China relations began to improve after the end of “airplane collision” incident. Furthermore, U.S. war on terror since September 11 and the issue of nuclear weapon of North Korea in October 2002 greatly improved the environment of bilateral relations between China and the United States, and expanded their cooperation spheres.

During 2001 and 2002, Washington “turned a blind eye” rather than paying full attention to Chen’s “gradual independence.” However, Chen was pushing the envelope. On August 3, 2002, Chen described cross-strait relations as “one country on each side of the Taiwan Strait,” incurring U.S. concern for the first time. Because Nauru, a pacific island state, severed its “diplomatic ties” with Taiwan and established diplomatic relations with the People’s Republic of China, Chen flew into a rage from shame and made a direct video speech at the annual meeting of World Federation of Taiwanese Associations convened at Tokyo. In the speech, Chen claimed: “Taiwan is a sovereign independent country ... Taiwan and China on the

⁵²Su Chi, *Weixian bianyuan*, p. 231. Washington always argues that to sell advanced weapons to Taiwan is a reaction against the mainland’s missile deployment toward Taiwan. This argument is quite weak. China’s military deployment in the South Eastern coastal area is meant to deter against Taiwan independence, as many American scholars have recognized.

⁵³Chen Shui-bian once said, “As long as the Chinese Communist Party has no intention to use military force against Taiwan, he promises that he will not declare independence, not change the national title, not push forth the inclusion of the two-states theory in the constitution, not promote a referendum on the issue of unification versus independence and change the *status quo* during his term in office. Accordingly, to abolish the National Unification Council or the Guidelines for National Unification is a non-issue.” See Su Chi, *Weixian bianyuan*, p. 137.

⁵⁴For details, see the following pages of this chapter.

other side are ‘one country on each side’ which should be made clear. I personally appeal to and encourage people to seriously consider the importance and urgency of legislature on public referenda.”⁵⁵ Clearly, by saying so Taipei had directly challenged U.S. one China policy. Spokesmen of U.S. National Security Council and State Department repeated, “[Our] policy with respect to China and Taiwan is well-known, long-standing, and remains unchanged. We have a one-China policy and we do not support Taiwan independence.”⁵⁶ U.S. reaction against “one country on each side” was the starting point of estrangement between the Bush administration and the Chen authorities.

Taiwan was to have another elections for its leader in 2004. Chen decided to manipulate the issue of unification and independence and stir up ethnic conflicts in the society via referenda in order to stimulate electoral sentiments. On September 28, 2003, Chen declared at an evening gathering of the 17th anniversary of the DPP that Taiwan should “complete an unprecedented referendum in history” in 2004, “facilitating a new constitution” in 2006, and implementing it in 2007 (claiming later to formally implement it on May 20, 2008). When interviewed by *Washington Post* on October 6, 2003, Chen claimed that “there is one country on each side of the straits” and they are “one China and one Taiwan.” Chen said he would not bow to U.S. pressure to modify recent moves—including holding a referendum on rewriting the constitution and adding the name Taiwan to its official Republic of China passports. “Taiwan is not a province of one country nor it is a state [*zhou*] of another,” he said. “Any kind of democratic reform is our own internal affairs. I don’t think any democratic country can oppose our democratic ideals.”⁵⁷ Taking practices of “democracy” as a banner, Chen demonstrated unprecedentedly a hard profile against the Chinese mainland and the United States.

The Bush administration responded immediately. The Department of State Spokesman Richard Boucher unusually traced what Chen said on 20th May 2000 inauguration speech and read word by word of the “four no’s” promise in the speech. He pointed out that this promise should be observed. At another press conference, Boucher reiterated U.S. one China policy, asking the two sides of the Taiwan Strait not saying or doing whatever that might increase tension or stop conversation.⁵⁸ In the following couple of months, spokesmen of the White House and State Department made several remarks, repeating that Washington opposed either side of the Taiwan Strait to unilaterally change the status quo, and urging continuously the two sides not doing or saying whatever might increase Strait tension or making dialogue even more difficult.

⁵⁵Su Chi, *Weixian bianyuan*, p. 303.

⁵⁶“Taiwan’s Leader Supports a Vote on Independence,” *Wall Street Journal*, August 5, 2002; “Mei guanyuan shuo mei jianchi yige zhongguo zhengce” [American Official Said That the United States Insists on One China Policy], *The People’s Daily* (overseas edition), August 9, 2002.

⁵⁷John Pomfret, “Taiwanese Leader Condemns Beijing’s ‘One China’ Policy; Chen Dismisses Fear in U.S. of Rising Tension,” *Washington Post*, October 7, 2003, p. A-18.

⁵⁸State Department Noon Briefing, October 7, 2003, <http://www.usembassy-isreal.org.il/publish/press/2003/october/100802-html>.

The mainland watched the situation closely. On November 17, one figure that was in charge of Taiwan Affairs Office of the State Council made solemn remarks, saying that what Chen did had completely exposed his true intention of splitting the country, dragging Chinese compatriots in Taiwan to a brink of deep abyss. The Chinese mainland firmly opposed Chen's activities of national secession through "legislature on referenda" and "referendum on the issue of Taiwan independence." Once Taiwan passed the "legislature on referenda" without any limitation, the mainland would react strongly. "Taiwan independence means war."⁵⁹

In order to further clarify the serious and solemn position of the Chinese government to the international society, particularly to the United States, Chinese Premier Wen Jiabao accepted an interview by General Editor of *Washington Post* Leonard Downie at the eve of his American trip. Regarding the referendum issue, Wen said that the Chinese mainland would not give up efforts to peacefully resolve the Taiwan issue, but would not sit down idly toward any provocative actions of national secession. The Chinese people will spare no expense to maintain national unity.⁶⁰

In early December of 2003, Premier Wen Jiabao paid an official visit to the United States with an invitation from President Bush. The Taiwan issue was obviously the central theme of the two leaders' conversation. On December 9, the two leaders held a joint press conference in the White House around 12 p.m. of Eastern Standard Time of America. Bush stated that the United States opposes any unilateral change of status quo of the Taiwan Strait. In particular, he sternly criticized Chen by saying "the comments and actions made by the leader of Taiwan indicate that he may be willing to make decisions unilaterally, to change the status quo, which we oppose."⁶¹ Bush's remarks are undoubtedly a shock to Taiwan. Later on, Bush repeated his viewpoint that Washington does not want to see any unilateral change of status quo by either side when he had a telephone conversation with President Hu Jintao on December 20, 2003. Around Bush's remarks on December 9, voices concerning stability of the Taiwan Strait mushroomed in the international community, criticizing Chen for disturbing peace and stability in East Asia by pushing referendum stubbornly.

Chen Shui-bian faced a dilemma in the referendum issue under pressures from the domestic, mainland and the international society. The Chen administration was

⁵⁹Liao Hong, "Guotaiban fuzhuren Wang Zaixi: taidu jiushi zhanzheng, wuli kongnan bimian" [Taiwan Affairs Office Vice Director Wang Zaixi: Taiwan Independence Means War, Military Means Might be Unavoidable], http://news.xinhuanet.com/newscenter/2003-11/18content_1185507.htm.

⁶⁰"Government Resolute on Taiwan Issue," *China Daily*, November 24, 2004.

⁶¹*Washington File*, December 10, 2003, pp. 2–3. After Bush made the abovementioned remarks, some members of U.S. Congress criticized him. But in general, congressional reaction was weaker than that against Clinton's open remarks of "three no's" in Shanghai during June 1998. Some American scholars believed that it is because the most pro-Taiwan members of Congress are the right wing of the Republicans that they do not want to make trouble with their president, even though they are unhappy with the president's remarks. The author's conversation with Michael Swaine, February 12, 2004.

going to dispatch propaganda delegations to Japan, the United States and Europe on January 10, 2004 to communicate with people concerned, but both Washington and Tokyo rejected it abruptly. The Chen administration simply lost face. Helplessly, Chen decided to revise the issues for referendum. On January 16, he made a five-minute telephone speech, announcing the contents of March 20 referenda with two questions. First, “Will you agree to increase purchase of anti-missile equipment to strengthen Taiwan’s self-defense capabilities if the Communist Party of China does not remove missiles targeted at Taiwan and not give up force against Taiwan?” Second, “Do you agree that the government should negotiate with the CPC and strive to establish an interactional framework for strait peace and stability for seeking bilateral consensus and people’s benefits?”⁶² In order to make Washington feel good, Defense Minister Tang Yau-ming declared on January 18 that even if the referenda failed, Taiwan would still implement policy of arms purchase already decided. If so, what is the sense of such referenda?

On March 19, 2004, a mysterious “assassination” occurred one day before the elections. Both Chen and his running mate Annett Lü were shot during a street tour in Tainan City. This added an ambiguous color to the already highly heated election campaign. Next day, Chen and his running mate won the elections with a very narrow majority (0.2%). However, both referenda issues demanded by Chen could not obtain more than 50% votes turnout, thus became invalid.

On April 21, 2004, House International Relations Committee held a testimony in memory of 25 anniversary of legislature of the *Taiwan Relations Act*. Assistant Secretary of State James Kelly gave a testimony. Although U.S. leaders and government spokesmen have elaborated U.S. Taiwan policy many times since October 2003, this testimony is the only complete and comprehensive illustration. The basic tune of this testimony is opposing unilateral change of the status quo of the Taiwan Strait. Several points deserve special attention. First, the testimony emphasizes that the status quo should be defined by the United States, revealing a hegemonic discourse, of course. However, these words at that time were targeted at Chen’s “one country on each side” remarks, thus rejecting Chen’s argument. Second, the testimony mentions that the Chinese government does not want to give up military means, and if Taiwan declares “independence,” the mainland will take military action. “While we strongly disagree with the PRC’s approach,” Kelley says, “it would be irresponsible of us and of Taiwan’s leaders to treat these statements as empty threats.” Therefore, “We encourage the people of Taiwan to regard this threat equally seriously.” Further, Kelly says, “A unilateral move toward independence will avail Taiwan of nothing it does not already enjoy in terms of democratic freedom, autonomy, prosperity, and security.” Besides, “such moves carry the potential for a response from the PRC ... that could destroy much of what Taiwan has built and crush its hopes for the future.” The testimony asked Chen to “exercise the kind of responsible, democratic, and restrained leadership that will be necessary to ensure a peaceful and prosperous future for Taiwan.” This sentence is quite

⁶²*Hong Kong Commercial Daily*, January 17, 2004.

important. Over the past 20 years or so, no such a high-ranking U.S. official had ever warned the Taiwanese leader in this way. To put Kelly's words more bluntly, if Taiwanese leader and people want peace and prosperity, they should not pursue independence; if they want independence, they will lose peace and prosperity. Third, the testimony highlighted U.S. "security interest" several times. It said that Americans would "speak clearly and bluntly if we feel as though those efforts carry the potential to adversely impact U.S. security interests or have the potential to undermine Taiwan's own security. There are limitations with respect to what the United States will support as Taiwan considers possible changes to its constitution." "We do no one any favors if we are unclear in our expectations or obfuscate where those limitations are," Kelly adds. "The President's policy regarding our opposition to unilateral changes to the status quo will be reinforced in this dialogue with Taiwan about its political evolution." These sentences were clearly targeted at Chen timetable of "constitutional making" in 2006 (later being changed into "constitutional revision"). Kelly plainly told Taiwan authorities not to act foolishly; otherwise, Washington would not be polite. Fourth, the testimony actively encouraged the two sides to talk, and admonished Taiwan bluntly: "not interpret out support as a blank check to resist such dialogue."⁶³

Bush's remarks on December 9, 2003 are a watermark of U.S. Taiwan policy adjustment. From then on, the Bush administration's Taiwan policy had been to maintain the status quo, oppose *de jure* "independence." In recent years, the Taiwan issue has been always an important one in many meetings between Chinese and American leaders. President Hu Jintao once and again reminded President Bush, "Taiwan independence will end Strait peace, and seriously damage stability and prosperity in Asia-Pacific region. Both China and the United States should understand the danger of Taiwan independence from this strategic altitude and work together to contain the splitting activities of Taiwan independence force."⁶⁴ From Beijing's perspective, "opposing and containing splitting force and activities of Taiwan independence, and maintaining cross-strait peace and stability are the common interests of both countries."⁶⁵ From the latter part of 2003 to the middle of 2008, Beijing and Washington opposed *de jure* independence of Taiwan and maintained peace and stability in the Strait through parallel efforts.

On March 4, 2005, Hu Jintao made a four-point speech during the meeting period of Chinese People's Political Consultation Conference (CPPCC), declaring that the mainland will insist on one China principle unshakably, strive for peaceful unification unwaveringly, put hopes on Taiwanese people without change, and oppose splitting activities of Taiwan independence without compromise. These points elaborated the new generation of leaders' Taiwan policy more

⁶³"Kelly Says Taiwan Relations Act Key to West Pacific Stability," *Washington File*, April 22, 2004, pp. 5-12.

⁶⁴"Hu Jintao Meetings with Foreign Leaders from the United States, Russia, Japan and Vietnam during informal conference of APEC Leaders," *Xinhua Monthly*, No. 12, 2004.

⁶⁵"U.S. President Bush Visiting China," *Xinhua Monthly*, No. 12, 2005.

comprehensively and exactly. On March 15, the National People's Congress passed the *Anti-Secession Law* and crystalized all Chinese people's strong will for national unification in a legal format.

According to Chen Shui-bian's timetable, he was to "make a new constitution" in 2006. However, "constitution making" within current law framework would confront with insurmountable obstacles since the "Pan-Blue" controlled the majority seats in Taiwan's legislature. Seeking a substitute for *de jure* independence, the Chen administration proposed to join the United Nations in the name of Taiwan and held a referendum on this issue when the island had elections for its leadership in March 2008. The Chinese government paid great attention to this trend, and urged Washington to declare its position. Since Taipei proposed the referendum on whether or not to join the United Nations in the name of Taiwan (hereafter joining UN referendum) in June 2007, the Bush administration kept criticizing Taiwan without interruption. On August 28, U.S. Deputy Secretary of State John Negroponte said in an interview with Hong Kong-based Phoenix TV that Washington saw the joining UN referendum "as a step towards a declaration of independence of Taiwan, towards an alteration of the status quo." Washington considered the idea of referendum "a mistake," and "it is important to avoid any kind of provocative steps on the part of Taiwan."⁶⁶ Later, Deputy Assistant Secretary for East Asian and Pacific Affairs Thomas Christensen made a keynote speech at a Defense Industry Conference on September 11. In the speech, he continued to heavily criticize the joining UN referendum, and clearly pointed out that "the content of this particular referendum is ill-perceived" and is "a step intended to change the status quo." According to Christensen, supporters of the referendum "are ready to put at some risk the security interests of the Taiwan people for short-term political gain." He also refuted the accusation that the U.S. position on the joining UN referendum constitutes "interference in Taiwan's democracy." For him, "Bad public policy initiatives are made no better for being wrapped in the flag of 'democracy'."⁶⁷ On December 3, AIT Taipei Office Director Steven Young said once more openly in Taiwan that the referendum is "neither necessary nor helpful," it is greatly risky and is damaging mutual trust between Washington and Taipei. He expected that the election of new leader of Taiwan would provide "an opportunity for the two sides to set aside past differences and work to create a new cooperative relationship."⁶⁸ On December 6, Christensen

⁶⁶"US opposes Taiwan's UN membership referendum," *China Daily*, August 29, 2007, http://www.chinadaily.com.cn/china/2007-08/29/content_6064371.htm.

⁶⁷"Speech to U.S.-Taiwan Business Council Defense Industry Conference, Deputy Assistant Secretary for East Asian Affairs," September 11, 2007, http://www.us-taiwan.org/reports/2007_sept11_thomas_christensen_speech.pdf.

⁶⁸"Remarks by Director of American Institute in Taiwan Stephen M. Young at the Foundation on International of Cross-Strait Studies Conference: Opportunities and Challenges in U.S.-Taiwan and Cross-Strait Relations," December 3, 2007. In Chiu Chaolin, ed., *Zhongmei guanxi zhuanqi yanjiu (2004-2008)* [Sino-U.S. Relations, 2004-2008] (Taipei: Institute of European and American Studies, Academia Sinica, 2011), pp. 412-416.

unusually met Taiwanese media and expressed clearly that this referendum was “unwise, provocative and risky.” He added, the joining UN referendum did not fit interests of both Taiwanese people and the United States, and it could not change Taiwan’s status either. Moreover, it dishonored Chen’s promise of “Four No’s,” and is actually a referendum on the issue of unification versus independence.⁶⁹ On December 21, U.S. Secretary of State Condoleezza Rice said at a press conference of the end of year that the joining UN referendum was “a provocative policy” and “unnecessarily raises tensions in the Taiwan Strait and it promises no real benefits for the people of Taiwan on the international stage.”⁷⁰ The repeated statements of the Bush administration had influenced the public opinion in Taiwan. During voting day of March 22, 2008, the referendum failed. On March 26, President Hu Jintao had a telephone conversation with President Bush, appreciating him for declaring many times that the United States insists on the one China policy, observes the three communiqués between the two countries, and opposes Taiwan independence, the referendum, and Taiwan’s participation in international organizations that require statehood. Hu hoped that China and the United States would continuously work together to maintain peace and stability across the Taiwan Strait.⁷¹

Opposing Taiwan independence is the one side of the Bush administration’s policy, and another one is to continuously implement the TRA. After Bush announced a great deal of arms sales to Taiwan in April 2001, Taiwan’s legislature controlled by the KMT boycotted against the special budget required by weaponry purchase more than 60 times. The United States continually urged the Taiwan to implement the deal, exerting pressures on both the DPP authorities and legislature. On September 19, 2005, Deputy Under Secretary of Defense Richard Lawless issued a strong speech, saying that the special budget for weaponry purchase had become a political “distraction.”⁷² On September 12, 2006, Clifford Hart, Jr., Director of Office of Taiwan Coordination, U.S. Department of State, gave a speech at a conference of defense industry of U.S.-Taiwan Business Council, exaggerating the mainland’s threat to Taiwan by claiming that a war between the two sides of the Taiwan Strait is not impossible. According to him, political leader in Taiwan must seriously consider the security issue, showing wisdom and political courage, and reach an agreement on the issue of financial procurement for increasing defense capabilities urgently needed by the island. Washington still insisted on carrying out President Bush’s April 2001 decision to sell weapon system to Taiwan required by

⁶⁹“Roundtable Briefing with Taiwan Media: Thomas Christensen, Deputy Assistant Secretary for East Asian Affairs,” Washington, December 6, 2007, <http://www.state.gov/p/eap/rls/rm/2007/96691.htm>.

⁷⁰Condoleezza Rice Press Conference, December 21, 2007, www.myspace.com/egoist/blog/340186012.

⁷¹“Hu Jintao zhuxi tong bushi zongtong tongdianhua” [President Hu Jintao Makes A Phone Call to President Bush], *People’s Daily*, March 27, 2008.

⁷²Shirley Kan, “Taiwan’s Defense Dilemma—Implications for the United States,” *Taiwan’s Dilemma: A Democracy Divided Over National Security*, edited by Mark Mohr, Woodrow Wilson International Center for Scholars, September 2007, p. 29.

the island. Taiwan must immediately pass the procurement.⁷³ By 2007, the Bush had sold Taiwan a great deal of weapons at the value of \$9.151 billion, including four Kidd-class destroyers retired from American navy, two sets of long-range, early warning radars, and 12 anti-submarine warfare (ASW) aircrafts. It was at the critical moment when Taiwan authorities tried hard to promote the referendum that U.S. Department of Defense notified Taiwan that the United States could provide with the upgraded PAC-II missiles. On December 21, Condoleezza Rice criticized the referendum as provocative at the abovementioned press conference. Yet, U.S. Defense Minister Robert Gates announced at his press conference that the United States would continue arms sales to Taiwan, saying “as long as they [Chinese on the mainland] continued to build up their forces on their side of the Taiwan Strait, we would continue to give Taiwan the resources necessary to defend itself.”⁷⁴ In October 2008, the Bush administration again sold Taiwan a deal of weapons at a value of \$6.463 billion, including PAC-III missiles and Black Hawk helicopters.⁷⁵ As Washington once and again violated the three communiqués, Beijing reacted strongly and stopped military exchange with the United States.

2.1.2.4 Period of Barack H. Obama Administration

Since May 2008, cross-Strait relations have experienced a historical turnabout, moving out of the “high risky period” and marching on the road of positive interaction and peaceful development. The ARATS and the SEF began institutionalized negotiations and quickly realized “three direct links” between the two sides. Economic and trade agreements have been signed one after another. In particular, the two sides signed a meaningful Economic Cooperation Framework Agreement (ECFA) in June 2010 and prepared an important basis for long-term development of cross-Strait economic relations. Taiwan has opened the door to mainlander tourists, indicating that a great exchange between the two sides has taken shape.

The Obama administration welcomes peaceful development of cross-Strait relations. When the DPP was in power, Chen Shui-bian’s constant pursuit for Taiwan independence had stretched cross-Strait ties for a long time. His “unpredictability” created a big trouble for the Bush administration, as cross-Strait tension had threatened Asia-Pacific peace and might drag Washington into a war unwanted. Therefore, the Bush and Obama administrations welcome peaceful development of cross-Strait relations. During President Obama’s visit to China in November 2009, the two countries issued a joint statement, in which the issue of Taiwan is

⁷³Clifford Hart, Jr., “Speech to US-Taiwan Business Council Defense Industry Conference,” September 12, 2006, Denver.

⁷⁴Joseph S. Nye, “Taiwan and Fear in US-China Ties,” *Taipei Times*, January 14, 2008, <http://www.taipetimes.com/News/editorials/archives/2008/01/14/2003397224>.

⁷⁵Shirley A. Kan, *Taiwan: Major Arms Sales since 1990* (Washington, DC: CRS Report for Congress), December 29, 2009, pp. 60–61.

described as: “The United States supports the peaceful development of relations across the Taiwan Strait and looks forward to efforts by both sides to increase dialogues and interactions in economic, political, and other fields, and to develop more positive and stable cross-Strait relations.”⁷⁶ This policy announcement kept pace with times and reflected the reality of cross-Strait relations. It expressed encouragement to and positive expectation on peaceful development of cross-strait relations, which is in the interest of the United States.

Because fewer troubles and uncertainties cross the Taiwan Strait than those days before May 2008, the Obama administration seldom openly elaborated its policy on cross-Strait relations. Depute Assistant Secretary of State David Shear’s testimony before the U.S.-China Economic and Security Review Commission in March 2010 titled “China-Taiwan: Recent Economic, Political and Military Developments Across the Strait and Implications for the United States” provided a considerably full elaboration of the Obama administration’s policy on cross-Strait relations. In the testimony, Shear recalled the development of cross-Strait relations over the past two years and expressed that the United States welcomes this development. According to him, “We should not be alarmed by Mainland-Taiwan rapprochement as somehow detrimental to U.S. interests, as long as decisions are made free from coercion. Future stability in the Strait will depend on open dialogue between Taiwan and the PRC, free of force and intimidation and consistent with Taiwan’s flourishing democracy.” He emphasized, first of all, “Taiwan needs to be confident in its role in the international community, its ability to defend itself and protect its people, and its place in the global economy.” “The United States is a strong, consistent supporter of Taiwan’s meaningful participation in international organizations.” Taiwan is now a member of the World Trade Organization, the Asian Development Bank and the APEC, and should also be able to participate in organizations where it cannot be a member, such as the World Health Organization, the International Civil Aviation Organization and other important international bodies. Shear said that the United States was gratified that after more than a decade of efforts, Taiwan was able to attend last year’s World Health Assembly (WHA) as an observer.

Second, according to Shear, Taiwan must be confident “to resist intimidation and coercion” from the mainland. The provision by the United States of defense articles has bolstered that capacity. Earlier on, U.S. Department of Defense notified Congress of the approval of arms sales to Taiwan worth \$6.4 billion, Shear defended this decision as consistent with the TRA. Meanwhile, he expressed U.S. “strong concern” over continued lack of transparency in mainland’s military modernization and its rapid buildup across the Strait.

Finally, Shear said, “closer economic relations is clearly in the interest of both the United States and Taiwan,” as Taiwan is 10th largest trading partner of America

⁷⁶“Zhongmei fabiao lianhe shengming, tuijin liangguo hezuo” [China and the United States Issued A Joint Statement to Promote Bilateral Cooperation], *Xinhua meiri dianxun* [Xinhua Daily Telegraph], November 18, 2009, http://www.360doc.com/content/11/0123/20/404696_88564569.shtml.

and the United States is the largest foreign investor in Taiwan with cumulative direct investments of over \$21 billion.⁷⁷

From Shear's testimony, one can see that the Obama administration's Taiwan policy still has two faces. On the one hand, the United States welcomes peaceful development of cross-strait relations. On the other hand, it still wants to interfere with China's domestic affairs and sell weapons to Taiwan. The United States has kept talking about its "obligation" to Taiwan, but forgotten its commitment to the Chinese government. As early as 1982 when the two countries reached a joint communiqué on U.S. arms sales to Taiwan, Washington indicated that it would not provide weapons to Taiwan forever, and committed itself to gradually reduce the level of arms sales both qualitatively and quantitatively. Although thirty years have passed, the United States still fails to implement the promise. Its "credit deficit" to China is simply too huge.

On July 7, 2010, David Shear again made a speech titled "East Asia and the Pacific: Cross-Strait Relations in a New Era of Negotiation" at the Carnegie, elaborating the Obama administration's Taiwan policy. He argued that speculating about cross-strait crisis conflict in the future had formed a cottage industry in Cold War studies over the past several decades. It might be not too bold to hope that developments in recent years may herald the creation of a new cottage industry: "cross-strait opportunity scenarios." He welcomed the signing of the ECFA, which would lower or eliminate tariffs on hundreds of commodities, and facilitate cross-strait trade and people-to-people exchanges. "Open, fair trading environments are good for U.S. firms, good for the United States and good for the global economy," he said. American and other foreign firms might base regional operations in Taiwan and increase U.S. exports to both the mainland and Taiwan. He felt concerns about Taiwan's restrictions on the import of certain U.S. beef, but hoped that the two parties not to let the dispute over beef imports overshadow their trading relationship. Regarding cross-strait relations, the progress over the past two years is "unprecedented," "both Taiwan and the PRC deserve credit for the steps taken in the past two years to increase contacts, find common ground, and lower tensions."⁷⁸

Some scholars elaborated the policy of the Obama administration more comprehensively. Bonnie Glaser specified eight goals of Obama's China policy as follows. (1) To promote positive-sum relations among the United States, China, and Taiwan. Improvement in Mainland-Taiwan ties will be welcomed and encouraged. Cooperation between Beijing and Washington will not come at Taiwan's expense, and stronger U.S.-Taiwan relations will not be aimed at pressuring China. (2) To repair and strengthen U.S.-Taiwan relations, which were badly frayed during Chen Shui-bian's second term in office. The new administration will take steps to bolster

⁷⁷David B. Shear, "China-Taiwan: Recent Economic, Political and Military Developments Across the Strait and Implications for the United States" (Testimony Before the U.S.-China Economic and Security Review Commission, March 18, 2010), <http://www.state.gov/p/eap/rls/rm/2010/03/138547.htm>. In a speech in July 2010, he listed Taiwan as ninth trade partner of the United States.

⁷⁸David Shear, "East Asia and the Pacific: Cross-Strait Relations in a New Era of Negotiation," <http://www.state.gov/p/eap/rls/rm/2010/07/144363.htm>.

U.S.-Taiwan relations, but this should not be misconstrued as intended to slow or impede progress in cross-Strait ties. (3) To encourage further improvement in cross-Strait relations. The decade-long hiatus in cross-Strait dialogue was dangerous: it resulted in greater misunderstanding and an increased risk of miscalculation. (4) To make no changes in the “one China” policy, but possibly modify the rhetoric. It would be best if China abandons the effort to promote “co-management” of the Taiwan issue with the United States. (5) To call for China to reduce its military deployments opposite Taiwan. (6) To firmly support greater participation by Taiwan in international organizations. (7) To maintain a robust security relationship with Taiwan, including U.S. arms sales to Taiwan, with new fighter jets under consideration. China’s military posture toward Taiwan will be the critical variable in any arms sale decision. (8) To support Taiwan’s democratic system; Washington involvement in Taiwan’s 2008 elections to discourage the passage of referenda should be seen as exceptional. The U.S. will not work with Beijing to keep the KMT in power.⁷⁹

In brief, President Obama’s policy to Taiwan basically followed his predecessor’s one China policy,⁸⁰ and could not avoid its double faces. On the one hand, the Obama administration welcomes peaceful development of cross-Strait relations; on the other hand, it still wants to sell arms to Taiwan and does not give up interference with China’s domestic affairs. During the term of the Obama administration, U.S. arms sales to Taiwan have continuously interrupted the development of China-U.S. relations, and the two countries deal with this matter solemnly. The Taiwan issue is still an important one in their relations, and cannot be disregarded easily.

2.2 Think Tanks and U.S. One China Policy

All U.S. administrations have announced that they would pursue the one China policy since Nixon’s visit to China in 1972. While The U.S. “one China” policy overlaps China’s one China principle, it also conveys different meanings. Besides, the two countries hold different interpretations of the three communiqués between them. This section briefly analyzes the U.S. “one China” policy and the attitudes of conservative think tanks in this regard.

2.2.1 Interpretations of U.S. “One China” Policy

First, Washington “does not take a position” on the question of Taiwan sovereignty. The earliest and most classic version of U.S. “one China” policy could be found in

⁷⁹Bonnie Glaser, “What Hu Jintao Should Expect: Predictions about Obama Administration Policy toward Taiwan,” *PacNet Newsletter* (pacnet@hawaii.biz), January 6, 2009.

⁸⁰See U.S. one China policy in details in the second section of this chapter.

the Shanghai Communiqué of February, 1972: “The United States acknowledges that all Chinese on either side of the Taiwan Strait maintain there is but one China and that Taiwan is a part of China. The United States Government does not challenge that position.” Later in December 1978, the Joint Communiqué on the Establishment of Diplomatic Relations between United States and People’s Republic of China (hereafter the Joint Communiqué) repeated the statement in Shanghai Communiqué: “The Government of the United States of America acknowledges the Chinese position that there is but one China and Taiwan is part of China;” “The United States of America recognizes the Government of the People’s Republic of China as the sole legal Government of China.” Washington reaffirmed its standpoints in August 17 Communiqué of 1982.⁸¹ However, China and the United States remain divided on the meanings of these statements. China takes it for granted that these communiqués had resolved the question of Taiwan’s belonging, i.e., Taiwan is part of Chinese territory, and this should be the basic meaning of the one China policy; however, the United States holds a different position. According to Washington, it had not articulated its position clearly on the status of Taiwan in the three communiqués but just “acknowledged” (which is translated in Taiwan as “renzhi,” namely, “realize”) the position of China. The statement of “Taiwan is part of China” is the position of China but not that of the United States. The U.S. government neither endorses nor opposes this position. Some U.S. scholars even claim that the “one China” policy is exactly the so-called “three no’s,” i.e., no support for Taiwan’s independence, no support for “two China” or “one China one Taiwan,” and no support for Taiwan’s entry into the United Nations and other international organization made up of sovereign states. Some other American scholars contend that U.S. “one China” policy means recognizing one government representing China only at one time.⁸²

The contentions are essentially of the sovereignty and the ultimate status of Taiwan. After the Korean War broke out, Harry Truman made a statement on the situation in Korea on June 27, 1950, “The determination of the future status of Formosa must await the restoration of security in the Pacific, a peace settlement with Japan, or consideration by the United Nations.”⁸³ This formally took the allegedly “undetermined status of Taiwan” as the policy of U.S. government. In 1970 the U.S. State Department prepared a memorandum for Senate. According

⁸¹World Affairs Press ed., *Nuli jianshe zhongmei jianshexing de zhanlue huoban guanxi – Jiang Zemin dui meiguo jinxing guoshi fangwen* [Strive to Construct the US-China Strategic Partnership: President Jiang Zemin’s State Visit to the US] (Beijing: World Affairs Press, 1998), p. 224, p. 228.

⁸²Shirley A. Kan, *China/ Taiwan: Evolution of the ‘One China’ Policy—Key Statements from Washington, Beijing, and Taipei* (Washington, DC: CRS Report fro Congress, Updated April 10, 2002), p. 2. Senate Report 96-7, *Taiwan Enabling Act Conference Report, Report of the Committee on Foreign Relations, United States Senate, Together with Additional Views on S.245*, March 1, 1979, p. 7. The contentions between China and the US on different interpretations of the three communiqués have already lasted more than three decades and they are seemingly to maintain this momentum.

⁸³World Affairs Press ed., *Zhongmei guanxi ziliao* [Information on China-U.S. Relations] (Beijing: World Affairs Press, 1960) Vol. 2, p. 89.

to it, “As Taiwan and the Pescadores [Penghu] are not covered by any existing international disposition, sovereignty over the area is an unsettled question subject to future international resolution.” Robert Starr, an official of Legal Affairs Office of U.S. State Department, during Kissinger’s secret visit to Beijing in July 1971 cited again this statement in a memorandum of the legal status of Taiwan presented to Charles Sylvester, the then State Department Office of Republic of China Affairs Director.⁸⁴ Nixon made a series of assurances—of which the first one was that the United States would not issue any statement like “undetermined status of Taiwan”—to Chinese leaders during his visit to China in February 1972.⁸⁵ While the United States no longer mentions the “undetermined status of Taiwan” openly afterwards, it has never actually given up the argument.⁸⁶

Following the Joint Communiqué of 1978, Warren Christopher, the then Deputy Executive Secretary of State, testified before the Senate Foreign Relations Committee, saying that while the American government “acknowledged the Chinese position that there is only one China and Taiwan is part of China,” “it is not American position.” After the two parties reached the August 17 Communiqué in 1982, the State Department wrote to congressional members in the same month, contending that “the U.S. has remained completely agnostic, taking no position at all on Taiwan’s status.”⁸⁷ Before that in July 1982, the Reagan administration made “six assurances” to Taiwan, saying “The United States has not altered its position on the question of sovereignty over Taiwan.” That is to say, the US would continue to take no position on the sovereign issue of Taiwan.⁸⁸

A later example is that in July 2007 the United States presented a nine-point demarche in the form of “non-paper” to the U.N. Under-Secretary-General for Political Affairs. The first point is that “the United States acknowledges China’s view that Taiwan is a part of China. We take no position on the status of Taiwan. We neither accept nor reject the claim that Taiwan is a part of China.” The United States does not take the position that “Taiwan is a part of the PRC.”⁸⁹ Several U.S. administrations since the normalization of China-US relations have no longer

⁸⁴John Tkacik, “Stating America’s Case to China’s Hu Jintao: A Primer on U.S.- China- Taiwan Policy”. *Heritage Foundation Backgrounder*, No. 1541, April 26, 2002.

⁸⁵“Memorandum of Conversation, Nixon and Chou Enlai,” February 22, 1972, pp. 5–7.

⁸⁶John Tkacik, “Stating America’s Case to China’s Hu Jintao: A Primer on U.S.- China- Taiwan Policy”. *Heritage Foundation Backgrounder*, No. 1541, April 26, 2002; Xu Shiquan and Ezra E. Vogel, “Dampening the Taiwan Flash Point,” in Richard Rosecrance and Gu Guoliang, eds., *Power and Restraint. A Shared Vision for the U.S.-China Relationship* (New York: Public Affairs, 2009), p. 114.

⁸⁷Harvey Fieldman, “A Primer on U.S. Policy Toward the ‘One China’ Issue: Questions and Answers,” *Heritage Foundation Background*, No. 1429, April 12, 2001.

⁸⁸John Tkacik, ed., *Rethinking “One China”* (Washington, DC: Heritage Foundation, 2004), p. 69.

⁸⁹John Tkacik, “Taiwan’s ‘Unsettled’ International Status: Preserving U.S. Options in the Pacific,” *Heritage Foundation, Issues. Backgrounder*, No.2146, p. 11. The fifth of the Reagan administration’s Six Assurances to Taiwan in July 1982 stresses that US “has not altered its position on the question of sovereignty over Taiwan.” This position is the right one articulated in this non-paper.

declared U.S. positions on the issue of Taiwanese sovereignty, but the core of U.S. Taiwan policy is still based on the theory of “Taiwan’s unsettled status.”⁹⁰

Second, the TRA specifies U.S. security commitment and arms sales to Taiwan. The U.S. government insists constantly that its “One China policy is based on the three US-China Communiqués and the Taiwan Relations Act.”⁹¹ According to the TRA, enacted in April 1979, “the United States decision to establish diplomatic relations with the People’s Republic of China rests upon the expectation that the future of Taiwan will be determined by peaceful means;” “to consider any effort to determine the future of Taiwan by other than peaceful means, including boycotts or embargoes, a threat to the peace and security of the Western Pacific area and of grave concern to the United States;” “the President is directed to inform the Congress promptly of any threat to the security of the social or economic system of the people on Taiwan ... The President and the Congress shall determine, in accordance with constitutional process, appropriate action by the United States in response to any such danger;” “the United States will make available to Taiwan such defense articles and defense services in such quantity as may be necessary to enable Taiwan to maintain a sufficient self-defense capability.”⁹² U.S. security commitment stipulated in the TRA is twofold, i.e., maintenance of capability to resist any part’s use of force against or pressure to Taiwan, and arms sales to Taiwan to enable Taiwan to maintain a sufficient self-defense capability.⁹³ Yet this security commitment contains some intentional ambiguities. First, this security commitment is not a 100% commitment to Taiwan. As emphasized by Joseph Nye,

⁹⁰See Xu Shiquan and Ezra F. Vogel, Dampening the Taiwanese Flash Point, in Richard Rosecrance and Gu Guoliang, eds., *Power and Restraint. A Shared Vision for the U.S.- China Relationship*, p. 114.

⁹¹“Electoral Change on Taiwan, Building Peace in the Taiwan Strait” by Richard Bush, March 29, 2000. President Bush had clarified this for several times, such as during his meeting with Premier Wen Jiabao on 9 December 2003. Office of the White House Press Secretary, “President Bush and Premier Wen Jiabao Remarks to the Press,” December 90, 2003. www.whitehouse.gov/news/releases/2-3/12/20031209-2.html.

⁹²Lester L. Wolf and David L. Simon, eds., *Legislative History of the Taiwan Relations Act with Supplement* (New York: The Pacific Community Institute, 1993), pp. 288–289. Richard Bush believes that the establishment of the AIT is the most successful part of the TRA, which maintains the “significant relations” between the United States and Taiwan. Besides, he argues that it would be exaggerating the legal connotations of the TRA if one equates the act with the request of U.S. arms sales to and defense for Taiwan. Firstly, “shall” is frequently used in U.S. legislation so as to ensure that executive agencies adopt actions that Congress hopes for. But “will” is instead used in the TRA, which turns this stipulation into a specification of will of Congress rather than a legally binding mandate. Secondly, no signs in this legislation indicate that the United States is willing to determine Taiwan’s military supplies. Apparently, U.S. arms sales to Taiwan are subject to great changes in accordance with various standards that Taiwan demands. Thirdly, stipulations in the Act and factual conducts by various administrations are to notify Congress at the end of U.S. arms sales to Taiwan in fact. Therefore, the TRA does not stipulate that the United States *must* export arms to Taiwan since there is no mandatory stipulation in this act, virtually or procedurally. Richard Bush, “Thoughts on the Taiwan Relations Act,” *China Times*, April 2009.

⁹³“Electoral Change on Taiwan, Building Peace in the Taiwan Strait” by Richard Bush, March 29, 2000.

the then Assistant Secretary of Defense during the 1995–1996 Taiwan Strait crisis, “the Americans do not want to give Taiwan a 100% guarantee that no matter what Taiwan does, the Americans will come to their defense, because that would encourage Taiwan to take actions that would be risky.”⁹⁴ Second, it does not articulate when the United States will intervene and what measures it will adopt in case military conflicts occur across the Taiwan Strait. Third, the U.S. arms sales have been specified in this commitment, while the types and amounts of weapons as well as the time when to provide shall yet to be decided by the President.

The TRA is a reaction against the normalization of China-U.S. relations. It violates China’s sovereignty and hurts its core interest; it wantonly intervenes into Chinese domestic affairs, breaking the “one China” policy, and is therefore opposed rightly by the Chinese government. The Carter administration pledged that this act would be implemented utterly in the manner of the normalization of U.S.-China relations. As for China, the TRA is a document in opposition to the three communiqués, and it hence leads to an inextricable dilemma of U.S. Taiwan policy.

The United States made new commitments to reduce arms sales to Taiwan in the August 17 Communiqué, which stipulates that the United States shall not seek a policy selling weapons to Taiwan for a long period of time; that arms sales to Taiwan both in qualitative and quantitative terms would not surpass those in the 1980s; that it shall gradually reduce those sales over time, and eventually resolve the issue of arms sales. The conclusion of this communiqué resulted from compromise between the United States and China. So it does not fundamentally solve the arms sales issue. Actually the Reagan administration was unwilling to make this communiqué possible. As soon as the communiqué came into effect, Reagan sent out a “Presidential Directive” initiated by Secretary of State George Shultz and Defense Secretary Caspar Weinberger. According to the Directive, “The U.S. willingness to reduce its arms sales to Taiwan is conditioned absolutely upon the continued commitment of China to the peaceful solution of Taiwan-PRC differences.” Namely, “the quantity and quality of the arms provided Taiwan are conditioned entirely on the threat posed by the PRC. Both in quantitative and qualitative terms, Taiwan’s defense capability relative to that of the PRC will be maintained.”⁹⁵

Having dealt with the United States for years, Deng Xiaoping had his own observations. For example, Deng told a visiting Chinese-American scholar in June 1983, “U.S. incumbents have never stopped making ‘two Chinas’ or ‘one and half

⁹⁴Joseph S. Nye Jr. “Military Muscle –Flexing in a Chinese Political Game,” *International Herald Tribune*, March 18, 1996. In the Taiwan Strait Crisis of 1995–1996, the Clinton administration warned Taiwan, on the one hand, that Taipei should not necessarily expect support from the United States if the mainland adopted military actions against Taiwan; it also told Beijing that China should not exclude the possibilities of U.S. intervention by standing on the side of Taiwan if military conflict occurred, on the other. See John Tkacik, “Stating America’s Case to China’s Hu Jintao: A Primer on US-China –Taiwan Policy,” April 26, 2002. *Backgrounder*, No. 1543.

⁹⁵James Lilley and Jeff Lilley, *China Hands: Nine Decades of Adventure, Espionage and Diplomacy in Asia* (New York: Public Affairs Books, 2004), p. 248.

China’.”⁹⁶ But the United States basically followed the stipulations of August 17 Communiqué. The first time that the United States seriously violated the Communiqué happened in 1992 when it exported 150 F-16 Falcon Fighter Jets to Taiwan. The U.S. government has violated the stipulations of the Communiqué repeatedly ever since, selling a large amount of advanced weapons to Taiwan.

Taipei paid close attention to and were highly worried about the negotiations on the August 17 Communiqué, and they had a good knowledge of the development of the negotiations due to some pro-Taiwan Congressmen’s revelation of the negotiations. On July 14, the CCNAA directly contacted Assistant Secretary of State John Holdridge in the hope of assuring the maintenance of U.S.-Taiwan relations based on the following six points. This is U.S. Six Assurances to Taiwan, stating that the United States:

1. Had not agreed to set a date for ending arms sales to Taiwan;
2. Had not agreed to hold prior consultations with the PRC regarding arms sales to Taiwan;
3. Would not play a mediation role between the two sides of the Taiwan Strait;
4. Would not revise the TRA;
5. Had not altered its position regarding sovereignty over Taiwan; and
6. Would not exert pressure on Taiwan to enter into negotiations with the mainland.⁹⁷

The U.S. government believes that Washington ought to stand by its commitment to Taiwan in the TRA since it is related to American credibility to its allies and friends. In view of this consideration, the Clinton administration despatched two aircraft carrier battle groups to the Taiwan Strait in March 1996. By doing this, the Clinton administration attempted to convey the message that the United States kept its word, and it was capable of fulfilling its commitments and resisting any adversarial behaviour that recourse to force against Taiwan, and holding back any similar behaviour as such in future.⁹⁸

Several members of Congress have anticipated strengthening U.S.-Taiwan relations and upgrading U.S. arms sales to Taiwan through legislature. A couple of relevant legislations in the Congress had been proposed in the 1990s but virtually brought nothing new to U.S.-Taiwan relations.

⁹⁶*Selected Works of Deng Xiaoping* (Volume 3) (Beijing: People’s Publishing House, 1995), p. 30.

⁹⁷Reports on Sino-U.S. Relations Group [Zhongmei guanxi baogao xiaozu], ed., *Zhongmei guanxi baogao* [Reports on China-U.S. Relations: 1981–1983] (Taipei: Institute of American Culture, Academia Sinica, July 1984), p. 129. On 8 March 2001, U.S. Secretary of State Colin Powell made it clear that the Six Assurances are still “the frequently used official policy” on the testimony of the Senate Foreign Relations Committee. See Hearing before the Senate Foreign Relations Committee for the Fiscal Year 2002 Foreign Operations Budget, March 8, 2001. Some U.S. scholars believe that the Six Assurances reflect a common-sense statement of U.S. policy, whose essence has been endorsed by all administrations since the Ronald Reagan administration. It is not necessary to make it public and reiterate this. The author’s interview with Alan Romberg.

⁹⁸“The United States Role in the Taiwan Strait Issue” by Richard Bush, September 21, 1999.

The Bush administration had strongly opposed the Taiwan independence that Taiwan authorities sought for on public occasions since 2003. The United States still decided to sell arms to Taiwan, though, by carrying out its security commitment. This reveals the double faces of U.S. Taiwan policy.

Third, the United States would not support Taiwan's independence, "two Chinas" and "one China one Taiwan," and Taiwan's entrance into the UN and international organizations consisted of sovereign states; this is the so-called "three no's" policy. Previous administrations have made many similar statements to the policy. In July 1971, during his secret visit to China Kissinger told Premier Zhou Enlai in the first meeting that as to the political future of Taiwan, "we are not advocating a 'two Chinas' solution or a 'one China, one Taiwan' solution." Zhou asked the attitude of the United States towards the so-called Taiwan independence movements. "U.S. would not support Taiwan independence," replied Kissinger.⁹⁹ Nixon confirmed this in February 1972 when he visited China that the United States had not supported and would never support Taiwan independence movements in any forms.¹⁰⁰ Clinton's public statement to Shanghai citizens when visiting China in June 1998 remains undoubtedly the most influential one.

As for reasons why the United States used "not support" but not "oppose" in the "three no's" policy, Richard Bush explained that to support is on one end and to oppose is on the other, while no support would be somewhere in between.¹⁰¹ Consequently, no support is still an ambiguous statement. In May 2002, the then Deputy Secretary of State Wolfowitz pointed out on an occasion that not supporting Taiwan independence is another way to oppose Taiwan independence. An array of telegraphs disseminated from U.S. State Department doubted about this. After a few days, when talking about the same topic Wolfowitz replied that sometimes it would be better to simply repeat what we usually say rather than interpreting the meaning ourselves on some occasions. He also joked that he had learnt such a lesson few days ago, indicating that he should not had said that.¹⁰²

The George W. Bush administration carried out a tough China policy and was hesitant to acknowledge the "three no's" policy publicly at the very beginning. On March 19, 2001, U.S. State Department spokesman Richard Boucher said on a press conference, "If I were to go back into the entire history of the Three No policy, you would find it wasn't ever stated quite the same way, and I don't intend to state it that way today. We adhere to the One China policy."¹⁰³ However, the Bush administration factually implemented the "three no's" policy. Furthermore, it even implemented this policy after 2003 more staunchly than any previous administrations. Since the second half of 2003, Chen Shui-bian has converted

⁹⁹ "Memorandum of Conversation, Kissinger and Chou Enlai," July 9, 1971, pp. 4-5.

¹⁰⁰ "Memorandum of Conversation, Nixon and Chou Enlai," February 22, 1972, pp. 5-7.

¹⁰¹ The author's interview with Richard C. Bush, July 2002.

¹⁰² *Rethinking "One China,"* p. 74.

¹⁰³ See John Tkacik, "Stating America's Case to China's Hu Jintao: A Primer on US-China - Taiwan Policy," *Background*, No.1543. April 26, 2002.

Taiwan independence movement from gradual independence into instant independence or *de jure* independence. Accordingly, the Bush administration deemed the deterrence of Taiwan authorities' tendency towards independence as the essence of U.S. Taiwan policy.

President Bush mentioned he would "oppose Taiwan independence" for several times. One time was during his meeting with President Jiang Zemin in October 2002 when Jiang visited the Crawford Ranch. Another one was when Bush met with President Hu Jintao during the APEC Summit in October 2003. Bush said again he would oppose Taiwan independence, when Premier Wen Jiabao paid a visit to the United States in December 2003. When asked by the press whether or not Bush had used the word "oppose," however, the Spokesman of State Department often responded ambiguously by saying, "I am not going to play any semantic game," unwilling to confirm the word "oppose" that Bush had used.¹⁰⁴

Fourth, the United States insists on peaceful resolution of the Taiwan issue and encourages cross-Strait dialogues. All U.S. administrations have been consistently asking the Chinese government to giving up military means and seeking peaceful means since China-U.S. ambassadorial talks began in the 1950s. The United States made the same requests but was refused by China during their negotiations over the normalization of China-U.S. relations. As a result, China and the United States published their statements and clarified their positions separately when issuing the Joint Communiqué. Put differently, the Chinese and U.S. governments had different interpretations but did not refute mutually. The United States made a statement that it would consistently care about peaceful resolution of the Taiwan issue and expect that the Chinese people on both sides would solve the issue peacefully. The Chinese government nevertheless responded that it is Chinese domestic affairs to decide the way of resolving the issue of Taiwan's reunification with the motherland.¹⁰⁵ As explained by Richard Bush, the U.S. government holds no position on the final resolution of the dispute over the Taiwan Strait and what Americans really care about are process and environment. For Americans, what really matters is that how a decision is made but not the decision *pre se*. In other words, whether Taiwan will be unified peacefully or be independent peacefully is a matter of people from both sides of the Taiwan Strait. "The United States expects the future of Taiwan to be determined by peaceful means," and the final resolution be accepted by all people from both sides of the Taiwan Strait. To this end, they have to communicate with each other. As Richard Bush emphasized, "constructive and meaningful dialogue is the best way to resolve cross-Strait differences."¹⁰⁶ Thomas Christensen expressed that what the United States cares about is the process of peaceful unification but not

¹⁰⁴*Rethinking "One China,"* pp. 107–109. The author consulted some mainstream scholars such as Alan Romberg and Richard Bush about this. They said that the President himself might have had this explanation, while the consistent position that all U.S. administrations held is still "no support."

¹⁰⁵*China Daily*, February 17, 1978.

¹⁰⁶"US Policy Regarding Taiwan" by Richard Bush at a Conference on "The Taiwan Relations Act: the First 20 Years," September 15, 1998.

the result; that the solutions are contingent upon the two sides of Taiwan Strait, and the United States takes no position on whether Taiwan is unified or not.¹⁰⁷

When talking about their hopes for a peaceful solution of the Taiwan issue, President Nixon, Carter and Reagan expressed publicly in 1972, 1978 and 1982, respectively, that they welcomed a final solution by the Chinese people on the two sides of the Taiwan Strait through dialogues and communications. The U.S. policy in the 1980s is in essence the “three no’s,” i.e., “no encouragement, no intervention, no mediation” for dialogues between the two sides. In the 1990s, some progress was made with the cross-Strait relations in terms of negotiations between the ARATS and the SEF. Bill Clinton administration welcomed negotiations as such and particularly encouraged Taiwan. As noted in the “Taiwan Policy Review” in 1994 by Winston Lord, the then Assistant Secretary of State for East Asian and Pacific Affairs, “we welcome any evolution in relations between Taipei and Beijing that is mutually agreed upon and peacefully reached.”¹⁰⁸ After the 1996 strait crisis, the United States realized that the root of crisis still existed, though the crisis per se had already gone. The Clinton administration urged the two sides of the Strait to resume their talks so as to reduce the tensions and avoid new ones. During a meeting with Chinese leader in October 1997, Clinton again expected a peaceful resolution “as soon as possible,” “sooner is better than later.”¹⁰⁹ He urged the two sides to enlarge their exchanges and promote constructive dialogues. After Lee Teng-hui mentioned “two-state theory” in July 1999, Clinton administration strengthened its position on cross-Strait dialogues. At a press conference in the White House on July 21 and during his meeting with President Jiang Zemin in the APEC Economic Leaders’ Meeting on September 11, Clinton highlighted three pillars in U.S. policy on cross-Strait relations. They are “one China” policy, peaceful resolution, and dialogues across the Strait.¹¹⁰ Richard Bush clarified that the resolution of the Taiwan issue is a matter of the Chinese themselves to decide. Although the United States played a critical role in terminating conflicts in the Middle East, North Ireland, and Cyprus, it is U.S. interests not to take a seat around the negotiating table on the Taiwan issue. It is the business of the two sides to talk themselves; so the United States would not limit the issues and ways of talks between the two sides. It is U.S. responsibility to create a condition to facilitate talks. Such position was termed by Richard Bush as a context-creating approach.¹¹¹ He added, “[T]he fundamental purpose of American policy remains what it has

¹⁰⁷Thomas Christensen, luncheon speech at an international conference on “U.S.-China Relations and Northeast Asian Security,” hosted by the National Committee of American Foreign Policy, November 10, 2006.

¹⁰⁸“Taiwan Policy Review,” Statement before the Senate Foreign Relations Committee by Winston Lard, September 27, 1994, *US Department of State Dispatch*, Vol. 5, No. 42.

¹⁰⁹Shirley Kan, *China/Taiwan: Evolution of the ‘One China’ Policy*, p. 44. Speech by Richard Bush to the Taiwanese-American Chamber of Commerce of Greater Los Angeles, January 24, 1998.

¹¹⁰Shirley Kan, *China/Taiwan: Evolution of the ‘One China’ Policy*, p. 44, pp. 49–50.

¹¹¹“The United States Role in the Taiwan Strait Issue” by Richard Bush, September 21, 1999.

always been: to create an environment ... in which the two sides of the Strait can fashion a durable peace and framework for productive cooperation.”¹¹²

The Chinese government released a *White Paper on the One China Principle and the Taiwan Issue* in February 2000. The Clinton administration later responded that U.S. government continues to oppose the use of force by the PRC to resolve the Taiwan issue, making it clear that the issue must be solved in peaceful manner and be accepted by Taiwanese people.¹¹³

The Bush administration slightly adjusted its attitude towards cross-Strait talks. Its policy from 2001 to 2002 was prone to support Taiwan and reinforce U.S.-Taiwan relations. As Taiwan independence movements became increasingly rampant, the cross-Strait relations deteriorated and tensions were escalated. The Bush administration therefore poured more efforts to urge the two sides to talk. On April 21, 2004, Assistant Secretary of State James Andrew Kelly stressed this point when he gave testimonies to expound U.S. Taiwan policy in Congress.

On the other hand, all U.S. administrations regarded deterring China from using force against Taiwan as one of the reasons for maintaining powerful military forces in west Pacific Ocean. According to *Military and Security Development Involving the People's Republic of China 2010*, the U.S. Department of Defense “through transformation of the U.S. Armed Forces and global force posture realignments, is maintaining the capacity of the United States to defend against Beijing’s use of force or coercion against Taiwan.”¹¹⁴

Fifth, the United States opposes any side of the Taiwan Strait to unilaterally change the *status quo*. This policy is directed at both sides, and it is a consistent policy implemented by all U.S. administrations. When the DPP was in office, secessionist movements shifted from gradual to an instant independence, which exceeded what the United States could tolerate. Taiwan independence movements annoyed the Bush administration, which in turn strengthened its policy and exert pressure on Taipei. Not only does the United States but also the European Union and Japan follow this policy.

Sixth, the United States supports the democratization of Taiwan. All U.S. administrations, whether the Republican Party or the Democratic Party is in power, share the standpoint that U.S. foreign policy should be based on American value and hold the belief that promoting democracy is consistent with U.S. national interests. The Taiwanese society has gradually realized its transition to democracy since the 1980s. Washington takes it for granted that the democratization of Taiwan is consistent with American values and interests. Consequently, support from U.S. political circle for enhancing U.S.-Taiwan relations had been strengthened. U.S. policy underwent some adjustments accordingly because of changes in the

¹¹²“Electoral Change on Taiwan, Building Peace in the Taiwan Strait” by Richard Bush, March 29, 2000.

¹¹³*Rethinking “One China,”* p. 73.

¹¹⁴The U.S. Department of Defense, *Military and Security Development Involving the People's Republic of China*, p. 49.

Taiwanese society. In the late period of the 1990s Washington emphasized that the final solution of Taiwan issue must be acceptable to the Taiwanese people, in addition to its insistence on the peaceful resolution of the Taiwan issue in policy announcement. In response to the doubt that “whether the search for a durable peace in the Taiwan Strait is facilitated or undermined by Taiwan’s democratic system,” Richard Bush articulated in a speech, “the answer is clear: Taiwan’s democracy, the emergence of which the United States strongly supported, contributes to peace and stability.” “We believe that the people on Taiwan are wise and prudent enough to support responsible approaches regarding Taiwan’s future. We understand, of course, that the results of cross-Strait dialogue must meet with the Taiwan public’s approval ... we also believe that any result enjoys broad support will be more lasting as a result.” “We believe that Taiwan’s democratization ... serves as a useful model for political liberalization in the PRC.”¹¹⁵ In a speech in 1999, he added that the Clinton administration believes “that any arrangements concluded between Beijing and Taipei should be on a mutually acceptable basis ... because Taiwan is a democracy, any result of cross-Strait dialogue will have to have broad public support.”¹¹⁶ An agreement that is accepted by the broad public will be more durable. On some other occasions, he reiterated, “Taiwan is a democracy, any results of cross-Strait dialogue will have to have broad public support.”¹¹⁷

At a hearing before the House Committee on International Relations on April 21, 2004, the then Assistant Secretary of State Peter Rodman stated, “Taiwan’s evolution into a true multi-party democracy over the past decade is proof of the importance of America’s commitment to Taiwan’s defense. It strengthens American resolve to see Taiwan’s democracy grow and prosper.”¹¹⁸

The democratization of Taiwan has virtually become a topic that Congress and U.S. leaders frequently talked about since the late 1990s. Senior Republican Senator Richard Lugar once wrote, “In recent years ... the Taiwanese have attempted to fashion a political and economic system based on the American model. They have achieved remarkable progress in establishing market economic development, domestic elections, civil liberties, and strong governmental institutions. Most Americans ... agree we have a moral responsibility to support peoples whom we have strongly encouraged to embrace freedom in the face of difficult or even dangerous circumstances.”¹¹⁹ George W. Bush applauded Taiwan’s democratization in a speech in Tokyo when he visited East Asia in September 2005. Besides, he urged the mainland to realize “democratization” by following Taiwan as its model.

¹¹⁵“US Policy Regarding Taiwan” by Richard Bush at a Conference on “The Taiwan Relations Act: the First 20 Years,” September 15, 1998.

¹¹⁶“The United States Role in the Taiwan Strait Issue” by Richard Bush, September 21, 1999.

¹¹⁷“Electoral Change on Taiwan, Building Peace in the Taiwan Strait” by Richard Bush, March 29, 2000.

¹¹⁸Statement of Peter Rodman before the Committee on International Relations, House of Representatives, 108 Congress, Second Session, April 21, 2004.

¹¹⁹See Richard Lugar, “Timely Exit for Ambiguity,” *The Washington Times*, May 17, 2001, p. A-16.

He declared, “Modern Taiwan is free and democratic and prosperous. By embracing freedom at all levels, Taiwan has delivered prosperity to its people and created a free and democratic Chinese society.” Following that he asked the mainland to follow the example of Taiwan, Bush claimed: “China’s economic growth must be accompanied by more freedoms for its people.”¹²⁰

Seven, the United States supports the so-called Taiwan’s international space. The U.S. government does not endorse Taiwan’s entrance in the UN, yet it has been supporting Taiwan’s expansion of its international space. This was noted when the Clinton administration reviewed U.S Taiwan policy in 1994. Washington supported Taiwan’s qualifications either as member or observer in the APEC, WTO, WHO and other international organizations. To this end, Congress passed resolutions for many times and the administration made similar announcements. In the 1990s, enormous bills as such could be found in Congress. The United States was actively involved in Taiwan’s expansion of international space when Bush was in office. President Bush in April 2002 signed a bill that supported Taiwan’s participation in the WHO. This bill authorized Secretary of State to propose U.S. support for Taiwan’s participation as an observer in the one-week long WHA held in Geneva in May, and Secretary of State must require U.S. delegation to carry out this plan in the WHA.¹²¹ On June 14, 2004, Bush once again signed bill S2092, which authorized Secretary of State to make relevant plan and so that Taiwan could attain a status of observer in the annual WHA.¹²²

2.2.2 *Conservatism’s Challenge of “One China” Policy*

Since the normalization of China-U.S. relations in 1979, U.S. administrations have virtually maintained the “one China” policy, even though different administrations would have some shifts and sways in their policies in various periods. By and large, they did not abandon the policy framework. This is both policy of U.S. government and popular belief held by American academia.

However, there are some people in Congress and conservative think tanks whispering that US should alter its “one China” policy. The Clinton administration made a clear announcement after Lee Teng-hui’ declaration of “two-state theory” in July 1999. Senator Jesse Helms, Chairman of Foreign Relations Committee, however, claimed on July 21 at a hearing that Lee “created an opportunity to break

¹²⁰Terence Hunt, “Bush Urges China to Grant More Freedoms,” washingtonpost.com/wp-dyn/content/.../AR2005111500090.html.

¹²¹“Bush qianshu fa’an gongran zhichi taiwan ‘canyu’ shijie weisheng zuzhi” [George W. Bush signs a bill, blatantly support Taiwan’s ‘participation’ into WHO], April 5, 2002, www.chinanews.com.cn/2002-04-05/26/175665.

¹²²“Bush bugu zhongguo fandui qianshu faling zhu taiwan cheng shiwei guanchayuan” [Bush signs a bill to help Taiwan become an observer of WHO regardless of China’s opposition], June 16, 2004, www.mhedu.sh.cn/cms/data/html/doc/2004-06.

free from the anachronistic, Beijing-inspired one-China policy which has imprisoned U.S. policy toward China and Taiwan for years.” Benjamin Gilman, Chairman of U.S. House of Representatives, wrote to President on September 7, claiming that there was a “‘common misperception’ that we conceded officially that Beijing is the capital of the ‘one China’ that includes Taiwan ... under no circumstances should the United States move toward Beijing’s version of ‘one China.’”¹²³ U.S. conservative think tanks such as the Heritage Foundation and neoconservative think tanks such as New America Century among others constantly challenged and opposed “one China” policy in public, seeking chances to nullify the spirit of the three joint communiqués.

After his announcement of the “two-state theory” on July 10, 1999, Lee Teng-hui boasted about his advocate again on July 28 when meeting representatives of an academic symposium co-hosted by the AEI and the Taipei-based 21st Century Foundation. Harvard professor Ross Terril, who was present at the meeting with Lee, wrote an article for the website of the AEI on September 1. Terril echoed Lee by contending, “The United States has become locked into a Beijing-flavored one China policy based on a fiction. Once, it may have been a useful fiction. Now it has become a dangerous one.” He launched an attack on the Clinton administration for an inconsistent policy. Since Washington insists that the use of force against Taiwan is unacceptable, it means that Taiwan is entitled to be free from force. That’s to say, Taiwan is entitled to determine its own destiny. He even unreasonably added that TRA did not specify that Taiwan-U.S. relations are “unofficial,” and no reason for Washington to emphasize that all communications with Taiwan are “unofficial.”¹²⁴ At hearings before U.S. Congress on *Taiwan Security Enhancement Act* (TSEA), Terril further argued, “the transfer of Taiwan to the People’s Republic of China today would change the balance of power in Asia—something that would not have happened in 1949.” “Beijing’s desire for reunification now is a matter of strategic interest, not purely an emotional desire to reunify the motherland,” he said. “Our role is not to solve the Taiwan problem, but to prevent it (from) being interpreted in the wrong way.”¹²⁵

The impact of statements of the Project for the New American Century (PNAC), a neoconservative think tank composed of former government officials and well-known public opinion elites, is more far-reaching. In its general “Statement on the Defense of Taiwan” on August 20, 1999, the PNAC asked the Clinton administration to issue an unequivocal announcement by indicating that the United States “will come to Taiwan’s defense in the event of an attack or a blockage against Taiwan, including against the offshore of Matsu and Kinmen.”

¹²³Shirley A. Kan, *China/ Taiwan: Evolution of the ‘One China’ Policy—Key Statements from Washington, Beijing, and Taipei* (Washington, DC: CRS Report for Congress, Updated April 10, 2002), p. 1.

¹²⁴Ross Terril, “The one China Fiction and Its Dangers,” *AEI Outlooks and On the Issues*, www.aei.org/issue/16042.

¹²⁵Stephanie Mann, “Taiwan- China-US,” October 13, 1999, <http://fas.org/news/taiwan/1999/991013-taiwan2.htm>.

The conservative think tank Heritage Foundation outperforms others in terms of challenging and opposing the “one China” policy. On February 26, 2004, the day when Chen Shui-bian sought reelection by combining referendum and electoral vote on the same day and blatantly challenged the “one China” policy, the Heritage Foundation hosted a roundtable discussion entitled “rethinking about ‘one China’” so as to show its supports to Chen. Among those scholars who attended the discussion, are Arthur Waldron from the University of Pennsylvania, Ross Terrill from Harvard University, Thomas Donnelly from the AEI, and William Kristol from the PNAC. Steve Chabot and Dana Rohrabacher, the two presidents of Taiwan Caucus in Congress and a few representatives were also invited. Speeches made by attendees on this meeting have nearly become a comprehensive opposition to “one China” policy. Their arguments can be generalized as follows:

- “One China” policy is out-dated. The “one China” policy was essential in the 1970s. Due to its failure in Vietnam, the United States was in decay when Kissinger and Nixon visited China. Meanwhile, the United States was confronted with the threat of Soviet expansion while a large amount of people regarded Soviet as an eternal country. American confidence in U.S. institutions and freedom then was at a low ebb. Many people believed that Taiwan was the barrier in establishing a stable U.S.-China relations to counterbalance the Soviet Union; that Taiwan was as an U.S. protectorate as South Vietnam; that Taiwan was also ruled despotically; that rulers in Taiwan could reach some kind of agreement with the mainland without consulting with Taiwanese people and the Taiwan issue can therefore be solved once and for all. But things have changed now. “It is the time that the United States should have abandoned all shackles that once were utilized to describe China and Taiwan and China-U.S. relations.”¹²⁶
- The “One China” policy is not consistent with U.S. national interests and values. As Kristol claims, “neither does ‘one China’ policy reflect the real situations in Taiwan nor does it accord with U.S. values and interests ... The reasons are quite simple: things changed. Taiwanese people have already established democracy. More importantly, they do not make claims to the mainland anymore and they do not want to unite with the mainland. We could adopt some practical procedures to show the significance of Taiwan as a democracy, to enhance the international status of Taiwan as possible as we can and to reinforce U.S.-Taiwan defense cooperation.”¹²⁷
- “One China” policy virtually endorses the excuse for China to open wars against Taiwan. John Tkacik, senior policy analyst at the Heritage Foundation, claims that the one-China policy “makes war in the Taiwan Strait—or the ultimate intimidation of democratic Taiwan to surrender to the demands of communist

¹²⁶John Tkacik, ed., *Rethinking “One China”* (Washington, DC: Heritage Foundation, 2004), pp. 137–141.

¹²⁷*Rethinking “One China,”* pp. 17–18.

China—more likely.” “Over the years, however, America’s “one China” policy “has given both Chinese leaders and leading American politicians the impression that we consider democratic Taiwan to be a part of communist China. ‘One China,’ then, is no longer a convenient legal fiction designed to help Beijing keep face. It is the acquiescence in China’s *casus belli* against Taiwan. As such, it only legitimizes China’s threats to use force against Taiwan and, if unanswered, encourages China to believe that the United States will not defend Taiwan’s democracy.” Tkacik believes that one China policy would lead to China’s miscalculations, which makes war more possible and dampens U.S. leadership in democracies in the Asia-Pacific. And this is a kind of “dangerous fiction.” Steve Chabot also argues that the reason why the United States has “one China” policy is that we treated China as a valuable ally to resist the expansion of the Soviet Union during the Cold War era. Now that the Soviet Union does not exist and China is now a rising hegemony in Asia, the United States has no any reason—whether it is judged from a strategic, economic, or moral perspective—to be cowardly when facing the threat of China’s war with Taiwan.¹²⁸

- The value of Taiwan’s democratization has been emphasized. As Congressman Robert Andrews puts, “I think we should replace our ‘one China’ policy with a ‘higher principle’ policy, and the higher principle should be ‘freedom for everyone wherever it is possible.’ America should be the moving force in creating that freedom for everyone wherever it is possible.” “I believe that the most important gain that we can make toward democracy in the PRC is to be a staunch friend of democracy in Taiwan. I think democracy is what I would call a positive epidemic ... One of the places where democracy is most precious and most practiced in Asia is Taiwan. I believe that the most effective way to ensure a peaceful evolution of the PRC ... is for us to support and reverse the democracy that sits at the PRC’s doorstep.”¹²⁹ “Taiwan’s desirable democratic transformation has an unavoidable implication for U.S. policy on Taiwan—not to tilt *against* independence but toward it.”¹³⁰
- The announcement by President George W. Bush has been opposed. They (e.g., Arthur Waldron) expressed great displeasure for Bush’s criticism on Chen Shui-bian on the press conference on December 9, 2003 and thought that it happened because officials of National Security Council and U.S. representatives in Taiwan obviously had pressed “the panic button,” which pushed President Bush “reacted in a confused and inconsistent way.”¹³¹

The arguments by these extremely conservative members of Congress and scholars do not represent the mainstream views of U.S. political and academic

¹²⁸ *Rethinking “One China,”* p. 37, p. 47, p. 115, pp. 71–72.

¹²⁹ *Rethinking “One China,”* pp. 132–133.

¹³⁰ “The Taiwan Relations Act: The Next Twenty-Five Years.” Committee on International Relations, House of Representatives, April 21, 2004. Testimony of William Kristol, 2004, www.newamericancentury.org/Taiwan-20040421.htm.

¹³¹ *Rethinking “One China,”* pp. 31–32.

circles, and we do not need to refute them one by one. It is worth noting that the international situations have undergone huge changes since the 1970s, so have the cross-Strait relations and situations in Taiwan. However, the truth that Taiwan belongs to China has never changed, and the consensus on “one China” held by the international society has never changed. Should there be any change, it would be that the consensus has been reinforced with the improvement of China’s national power and influence on international affairs. Another truth remains unchanged is that the connotations of China-U.S. relations have greatly enriched. Although China and the United States had established diplomatic relations for more than thirty years, “one China” policy is still the political foundation for their relations. Should this foundation has been weakened, China-U.S. relations will be greatly damaged. This would be not allowed by the Chinese government and its people, or by the mainstream of U.S. political and academic community.

2.3 Think Tanks and Peaceful Settlement of the Taiwan Issue

Nearly all U.S. think tanks, whether they belong to the mainstream views or those conservatives, maintain that the Taiwan issue should be solved peacefully, that both sides of the Taiwan Strait need negotiations so as to moderate their strenuous relations and avoid conflicts. The well-known initiative of “interim agreement” in the 1990s well represents this consensus.

2.3.1 Suggestions in the 1990s

The 1995–1996 Taiwan Strait crisis has triggered U.S. scholars’ reflections on the Taiwan issue. They think that the issue cannot be solved in a short time, and it will long exist in China-U.S. relations. Should the Taiwan-Strait situations be unstable, the issue then would bother China-U.S. relations from time to time and inevitably threaten the stabilization of bilateral ties. The Chinese mainland and Taiwan have different views on sovereignty and they can hardly reach a consensus on this in the short term. Therefore, the best resolution lies in freezing the *status quo* and providing some sorts of guarantee. Former Assistant Secretary of Defense and Harvard University professor Joseph Nye, University of Michigan professor Kenneth Lieberthal who was to serve as National Security Council Senior Director for Asian-Pacific Affairs, and George Washington University professor Harry Harding, among others, have put forward similar ideas.

In the early 1998, Kenneth Lieberthal proposed at meetings hosted by the CFR and the Taipei-based Institute for National Policy Research that through dialogues and negotiations both sides of the Taiwan Strait sign an “interim agreement” that would freeze movement toward Taiwan independence in return for mainland’s agreement not to use force and thereby preserve the *status quo* across the Strait (at least for 50 years).” The main points of this agreement include: 1. To establish a

transitional arrangement for managing the cross-Strait affairs; 2. Cross-Strait relations are not between two sovereign entities, nor between central and local governments during this transitional period; 3. Taiwan explicitly announces that it is part of China and does not seek independence; the mainland agrees not to use force against Taiwan; 4. During the transitional period, the two sides maintain their autonomy in domestic affairs and foreign policy, and their autonomy is only restrained by the aforementioned principles; 5. Both sides agree to hold regularly high-level meetings so as to avoid conflicts and to enhance their mutual trust; 6. Both sides agree to change national title so that conflicts can further be lowered, with the People's Republic of China changed into "China" and the "Republic of China" into "China Taiwan;" 7. Upon its termination of the interim agreement, both sides start to negotiate on the final status of Taiwan, i.e., the permanent relations of the Taiwan Strait. In addition, Lieberthal specifically stated that the interim agreement is neither unification nor independence oriented.¹³²

On March 8 Joseph Nye published an article in *Washington Post*, formulating the "one country three systems" idea. He thought that both Shanghai Communiqué and the Taiwan Relations Act were calculatingly ambiguous on the subject of Taiwan. That is, the United States pledges to help Taiwan defend herself but not necessarily to come to its defense if it is attacked. If we leave these ambiguities in place, we may court disaster. To attempt to stabilize the Taiwan Strait situation, he made the following proposal.

- The United States should state plainly that our policy is "one China" and "no use of force." The United States would neither recognize nor defend it if Taiwan were to declare independence. In addition, it would work hard to discourage other countries from recognizing Taiwanese independence. At the same time, we would repeat that we would not accept the use of force, since nothing would change as the result of any abortive declaration of independence by Taiwan.
- The PRC should say that if Taiwan decisively rejected the idea of declaring independence, Beijing would not oppose the idea of more international space for Taiwan. There would be more opportunities like Taiwan's existing participation in the APEC and the Olympics, as long as Taipei confirms that Taiwan was part of China. Beijing would also stress that its "one-country, two-systems" approach to Hong Kong could be broadened to "one country, three systems," so as to make clear that Taiwan would continue to enjoy its own political, economic, and social systems.
- Taipei would explicitly express its decision to forswear any steps toward independence, to intensify the cross-Strait dialogue, and to stimulate greater flows of investment and exchanges of people across the Strait.¹³³

¹³²Lin Gang, "Meiguo jieju Taiwan wenti de zhengce quxiang" [The Policy Orientation of American Approach towards the Taiwan Issue," *Meiguo yanjiu* [American Studies Quarterly], Vol. 3, 2008, p. 72.

¹³³Joseph Nye, "A Taiwan Deal," *The Washington Post*, March 8, 1998, p. C07.

Since Nye's assumptions are involved with sovereignty, so his approach triggered many criticisms from the side of Taiwan.

The interim agreement has gained responses from the Clinton administration. On March 23, 1999, the then Assistant Secretary of State Stanley Roth gave his consent to the interim agreement for the two sides of the Strait on a speech at the Woodrow Wilson Center.¹³⁴ After that, Darryl Norman Johnson, AIT Director expressed similar ideas at a symposium of 20th Anniversary of the TRA held by the Institute of European and American Studies, Academia Sinica in Taiwan. Obviously, the interim agreement had already become the policy position of the Clinton administration.¹³⁵

Harry Harding talked about "*modus vivendi*" when he was interviewed by *The United Daily* on 16 April 1999 at a symposium in Taipei he participated. He argued that the *status quo* of the Taiwan Strait was not stable and people from all sides were unsatisfied with it, so it could be hardly maintained. For Taiwan, Beijing was a rising military power and oppressed the island consistently in the international society. Beijing wondered whether Taiwan would step forward to independence and doubted about U.S. attitude toward it. The United States was considering whether it should provide Taiwan with the TMD when Chinese military strength was on rise. These facts made the *status quo* hard to continue. Under these circumstances, a concrete mutual assurance seemed to be extremely necessary. The mutual assurance specified that China would not use force unless Taiwan announced independence; that Taiwan would not announce independence should China not use force. By doing this, a gate leading to final unification in the future still remained open. With this assurance, both sides could thus enhance stabilities and establish confidence-building measures. This was not just a unilateral requirement for Taiwan but a combined expectation of gradual change of the two sides. The assurance also required both sides to coordinate their relations rather than complaining to the United States. Washington played an informal guarantor for the agreement. In addition to the current ARATS-SEF channel, Harding suggested that both sides to have other channels, such as a channel to engage and dialogue on military affairs. Both sides had begun their political talks, but it did not herald the new era of discussing political issues concerning Taiwan's future. It was obviously not the right time to do this. Actually, it was too early to forge negotiation as such. So we needed a "*modus vivendi*." The security of Taiwan cannot necessarily be assured even though U.S. arms sales continue.¹³⁶

As similarly as what the "three no's" policy announced by the then President Clinton had caused during his visit to Shanghai in June 1998, the abovementioned

¹³⁴“The Taiwan Relations Act at Twenty and Beyond,” address by Stanley Roth to the conference hosted by the Woodrow Wilson Center and the American Institute in Taiwan, March 24, 1999, <https://www.mtholyoke.edu/acad/intrel/tra.htm>.

¹³⁵*Cankao xiaoxi*, April 21, 1999, p. 40.

¹³⁶Harry Harding, “Toward a Modus Vivendi in the Taiwan Strait,” a lecture in U.S. Taiwan Relations: Twenty Years after the Taiwan Relations Act, Taipei, April 9–10, 1999. <http://mypaper.pchome.com.tw/paullee/post/1472730>.

proposals also triggered concerns over U.S. policy shifts and strong oppositions among Taiwanese officials and scholars. They thought that these proposals had indicated that U.S. policy was deviating from Taiwan to the mainland and Washington had imposed pressure on Taiwan by violating the Six Assurances pledged by the Reagan administration in 1982. They even doubted that Stanley Roth had already worked out some draft for potential agreement in his mind. The United States explained its position repeatedly. AIT Board Chairman Richard Bush, when giving speeches at the University of Arizona and Southern Illinois University on September 15 and December 7, 1998, respectively, assured Taiwan that there were no changes in U.S. Taiwan policy and there were no contradictions between the basic goals of U.S. Taiwan policy and what President Clinton said and did in Beijing. He elaborated five crucial points of U.S. Taiwan policy:

- The Taiwan issue must be solved peacefully;
- Constructive and meaningful talks are the best approach to solve disagreements between the two sides;
- Disagreements between two sides should be solved by themselves;
- The United States takes an impartial position on Strait talks and will not impose pressure on either side;
- Any arrangements should be mutually acceptable to both sides.

Richard Bush expressed that the Clinton administration's Taiwan policy was consistent with that of its predecessors, and they all attempted "to foster an environment in East Asia in which the all the parties concerned can take advantage of the opportunities for cooperation and remove the roots of conflicts."¹³⁷

On June 26, 1999, Richard Bush explained on many occasions, including the annual meeting of Taiwanese Chambers of Commerce of North America, that Taiwan mistook U.S. suggestions and overreacted. What Stanley Roth articulated was that both sides should have creativities in finding some ways to alleviate the tension, improve stability and reinforce cooperation. Should both sides reach an agreement, it would then play a significant role in lowering their tension. The United States would not make any comments about how to resolve substantive issues and the agreement should be decided by both sides of the Strait rather than the United States.¹³⁸

Reflections on interim agreement varied from political to academic circles in Taiwan. Chang Jung-kung, Director of the KMT Working Committee on Mainland Studies held that U.S. official anticipation was comparatively closer to that of Taipei while it was far away from that of Beijing.¹³⁹ Lee Teng-hui rejected this proposal

¹³⁷"U.S. Policy Regarding Taiwan," Speech by Richard Bush at a conference on "The Taiwan Relations Act: the First 20 Years," Arizona State University, September 15, 1998; "The United States Role in the Taiwan Straits Issue," Carbondale II, 7 December 1998.

¹³⁸"Remarks by Richard C. Bush at the Annual Conference of the Taiwan Chamber of Commerce of North America," Chicago, Illinois, June 26, 1999, <http://www.ait.org.tw/en/officialtext-bqq908.html>.

¹³⁹Zhang Chun, *Meiguo sixiangku yu yigezhongguo zhengce* [American Think-Tanks and One China Policy] (Shanghai: Shanghai People's Press, 2007), p. 195.

because it set barriers for Taiwan's secession from the mainland. Lee cast the so-called "two-state theory" that he had long premeditated. By doing this, the main goal that Lee wanted to achieve was to block Wang-Koo Talks and Wang Daohan's visit to Taiwan in that fall. Lee's action could also be interpreted as a manner to react the proposal of interim agreement. After mutual visits of leaders of China and the United States, Washington redoubled its efforts to urge talks over the Strait. Clinton indicated that it would be better to resolve Taiwan issue peacefully as early as possible. The United States thus proposed the idea of interim agreement. Should Wang-Koo Talks continue to develop successfully, it would be more difficult for Lee to undertake separatist activities. The Clinton administration vocalized its opposition to Lee's "two-state theory," revealing the first crisis of Taiwan-U.S. relations.¹⁴⁰

Even though Taipei opposed the interim agreement proposal, some U.S. scholars continuously expounded their views on it. In September 1999, Harry Harding further developed his *modus vivendi* of cross-Taiwan Strait and "interim arrangements" at a seminar on cross-Strait issues hosted by the CSIS where scholars from the two sides of the Taiwan Strait as well as the United States were present. He used the word "arrangements," believing that these arrangements were not necessarily formal agreements. They could be announcements that either side had, or mutually tacit memorandum, or even any other modes that people could assume. Harding mentioned some principal reasons for these arrangements. First, cross-Strait relations were not stable, despite that interdependence had deepened over the past 15 years. Second, the Taiwan issue could not be resolved in a short term because of different economic developmental stages and diverse political systems between the two sides, as well as their mutual distrust. Third, the aim of these arrangements was not to freeze the *status quo*, but to make the growingly active *status quo* more stable. U.S. promotion of interim arrangements did not aim at intervening cross-Strait affairs for the final resolution. It was instead an approach encouraging realization of stability in a long term before the final resolution can be achieved.

Harding articulated five elements of these arrangements as follows:

- Both sides must be greatly involved in these arrangements, i.e., the mainland is concerned by Taiwanese independence while Taiwan deeply worries about unification by force. Thereby, the mainland and Taiwan need to make commitments in a manner of equilibrium in these arrangements: the mainland commits not to use force if Taiwan does not seek independence, and Taiwan commits not to seek independence if the mainland does not force it to be unified. The commitments by both sides are interlinked because they are conditional on one another's compliance with the commitment.
- The realization of these arrangements contributes to improve mutual trust, open talks, explore the possibilities of unification including preconditions of

¹⁴⁰Su Chi, *Weixian bianyuan: cong liangguolun dao yibianyiguo* [Brinkmanship: From Two-State-Theory to One-Country-on-Each-Side] (Taipei: Commonwealth Publishing Co., Ltd 2004), p. 90.

unification and potential approaches, and the final talk may become formal negotiations over all these issues.

- Economic and cultural exchanges including “three links” and removal of trade and investment barriers can be further promoted. The growing exchanges between the two societies in the long term are conducive to enhance mutual understandings, deepen interdependence, and therefore prevent conflicts.
- Through negotiations by both sides under the abovementioned arrangements, they can work out a title for Taiwan that enables the island to expand its international activities. This title should be consistent with the principle of one China and is acceptable for both sides.
- Among these arrangements both sides can discuss Confidence Building Measures in military sphere, which include (1) all sorts of communicative and coordinative mechanisms to strengthen peaceful interactions and to avoid potential accidents; (2) imposing controls over military exercises on either side and assurances of no provocative exercises; (3) avoiding arms race; and, (4) consequently leading to limits of U.S. arms sales to Taiwan.

What role of the United States in the interim arrangements? Harding said that one of the purposes of interim arrangements was to reduce U.S. engagement in the Taiwan issue. Instead of direct contacts between the two sides, they often dealt indirectly via the United States, trying to gain support from it. U.S. policy, therefore, was first showing preference to one side and then another. For example, Washington issued a visa to Lee Teng-hui for his visit to the United States, but President Clinton gave a speech on “three no’s” in Shanghai later. The interim arrangements were to encourage both sides to contact directly, interact more frequently and hence raise their mutual trust. As for U.S. role as a guarantor, Harding explained that it was quite a general concept. The United States would supervise invisibly and would at the same time encourage building up some kind of “peacekeeping force.” Should something violating the peace treaty happen, the United States would discuss with relevant parties and adopt measures it considers necessary and helpful.¹⁴¹

2.3.2 *New Suggestions from U.S. Scholars*

Against the backdrop of impediment to cross-Strait talks due to Chen Shui-bian’s secessionist activities and of emerging tensions over the Taiwan Strait, U.S. scholars again turned to the idea of interim agreement in April 2004. On April 12, Kenneth Lieberthal and David Lampton re-elaborated their thoughts on the framework in an article on *Washington Post*. They thought that the reality is that the

¹⁴¹Harry Harding, “Again on Interim Arrangements in the Taiwan Strait,” in Gerrit W. Gong, ed., *Taiwan Strait Dilemmas. China-Taiwan –U.S. Politics in the New Century* (Washington, DC: CSIS Press 2000), pp. 3–5.

final resolution is unlikely to reach peacefully by both sides of the Taiwan Strait in the coming decades. Thereby the major effort should be establishing a stable framework and achieving consensus on issues as follows: (1) “Taiwan can continue to assert during the decades-long period covered by the agreement that it is an ‘independent, sovereign country,’ but it must abjure additional steps to turn this island-wide sensibility into a juridical fact.” (2) “Beijing can continue to assert that there is only one China and that Taiwan is a part of it, but it must give up its threat to use military force to change Taiwan’s status.” (3) “On this basis, Beijing and Taipei would agree on terms of expanded international space for Taiwan, including the island’s involvement in global and regional international organizations.” (4) Both sides “must agree to engage in confidence-building measures across the strait to reduce concerns about potential conflict, and the United States and others must commit to play appropriate supporting roles.” (5) Both sides “must agree to use the decades of the new framework to progressively expand ties across the Strait, including political visits of various sorts.” (6) And “the United States, Japan and the European Union must guarantee that they will not recognize an independent Taiwan during the framework period and that all would regard Beijing’s unprovoked use of force against Taiwan as a matter of the gravest immediate concern.”¹⁴² In comparison with the previous version that U.S. scholars proposed several years ago, this new-brand version of interim agreement framework notably shifts to an advantageous direction for Taiwan. First, the first provision in the new framework is based on “one China, different interpretations” that Taiwan advocates, whereas the foundation of the previous framework emphasizes one-China framework in which “Taiwan explicitly announces that it is part of China” and “Republic of China” changes into “China Taiwan.” Second, the United States guarantees for the previous version of framework, whereas this version adds Japan and EU as its guarantors and makes the framework an “internationally guaranteed” one.

Kenneth Lieberthal further reiterated the framework he proposed soon thereafter in an article published on the bimonthly *Foreign Affairs*. In order to prevent war across the Taiwan Strait, he suggests, a more feasible approach would be “lock in the *status quo* by having Beijing and Taipei negotiate a 20- to 30-year ‘agreed framework’ for stability across the Taiwan Strait. Such an agreement would eliminate the things that each side fears the most: for Taiwan, the threat that Beijing will attack; and for Beijing, the threat that Taiwan will cross the Independence red line.” There are several reasons, Lieberthal mentions, for both sides to negotiate over the agreement. First, deep-rooted political dispute between “Beijing and Taipei precludes negotiating a peaceful resolution” for at least another generation and things will change dramatically two or three decades down the road. Second, the two sides insist on their positions on the “final-status issues (‘reunification’ for Beijing and ‘independence’ for Taiwan),” making “the situation pregnant with catastrophe.” The largest benefit of this agreement is to reduce risk of conflicts over

¹⁴²Kenneth Lieberthal and David Lampton, “Heading Off the Next War,” *Washington Post*, April 12, 2004.

the Taiwan Strait without undermining the basic positions of the two sides. Lieberthal indicates that the United States can play several roles. First, it could “strongly encourage each side to focus on achieving a cross-strait framework agreement as its major objective, stating that, if either side does not, it will pay a price in its bilateral relations with the United States.” Second, it “could also offer its good offices to facilitate the necessary, delicate, and secret communications.” Third, the United States could help to create the atmosphere where both sides can “make the core commitments in the agreement credible,” and it could “indicate from the outset its willingness, in principle, to help line up international support.” Fourth, Washington could facilitate the dialogue. Even if Beijing and Taipei recognize that they need such a plan, but neither of them “is likely to make the first move.” Therefore, “Washington will have to jump-start the process,” and “the Bush administration should move quickly.”¹⁴³

The possibilities of realizing the framework of interim agreement become slimmer whereas Chen won the Presidential election again and threatened to “amend the Constitution,” which escalated tensions across the Strait. The Bush administration did not express its attitude toward this framework.

Chen increased his activities of seeking *de jure* independence during his campaign for re-elections. After his electoral victory in March 2004, due to external pressure Chen rephrased “constitutional re-engineering” instead of “formulating new constitution” at his inauguration address on May 20. During the legislature elections in the end of year, Chen nevertheless vigorously agitated for “terminating the chaotic constitutional order of Chinese constitution in Taiwan” and “creating a new version of Taiwanese Constitution that is timely, relevant and viable” by “making full use of the unprecedented opportunity in history.” The Taiwan Solidarity Union (TSU) under Lee Teng-hui’s strong influence mobilized the Pan-Green constituencies to “supervise the DPP to fulfill its political views” by advocating “formulating Taiwan Constitution,” “changing the name of the country into Taiwan,” and making an “independent timetable in 2008.”¹⁴⁴ The political ecology in Taiwan gradually turned to be extremely chaotic and complicated. These separatist activities of Taiwan independence threaten not only the peace and stability of the Strait but also the peace of Asia-Pacific. In order to oppose and check Taiwanese secessionists in seeking *de jure* independence, the National People’s Congress (NPC) passed an *Anti-Secession Law* on March 14, 2005. The Law stipulates, “the state shall do its utmost with maximum sincerity to achieve a peaceful reunification,” “encourage and facilitate economic exchanges and cooperation, realize direct links of trade, mail and air and shipping services,” and it “protects the rights and interests of the Taiwan compatriots in accordance with

¹⁴³Kenneth Lieberthal, “Preventing a War Over Taiwan,” *Foreign Affairs*, Vol. 84, No.2(March–April, 2005), pp. 53–63.

¹⁴⁴Liu Hong, “2003 nian liang’an guanxi huigu” [Review of Cross-Strait Relations in 2003], in Xu Shiquan ed., *Taiwan 2003* (Beijing: Jiuzhou Press, 2004), pp. 8–9; Yang Lixian ed., *2004 nian liang’an guanxi huigu* [Review of Cross-Strait Relations in 2004] (Beijing: Jiuzhou Press, 2004), pp. 4–5.

law,” and the state shall also “encourage and facilitate cross-Straits exchanges in education, science, technology, culture, health, and sports.” But the Article 8 also formulates, “in the event that the ‘Taiwan independence’ secessionist forces should act under any name or by any means to cause the fact of Taiwan’s secession from China, or that major incidents entailing Taiwan’s secession from China should occur, or that possibilities for a peaceful reunification should be completely exhausted, the state shall employ non-peaceful means and other necessary measures to protect China’s sovereignty and territorial integrity.”¹⁴⁵ Thought as a powerful weapon to fight against secessionist forces in Taiwan, the Law advances Chinese people’s wishes for unification onto a legal level.

The Bush administration held a restrained attitude toward *Anti-Secession Law*. While Taiwanese secessionist forces threatened to counter the mainland with an *Anti-Annexation Law*, the Bush administration told Taiwan authorities explicitly that *Anti-Annexation Law* was unnecessary. The most urgent issue at the very moment, as Washington argued, was to avoid further radical reactions between the two sides because their radical actions would give rise to a vicious circle of cross-strait relations and escalate tensions.¹⁴⁶ It is partly because U.S. opposition that Chen failed to devise a larger scale of movement opposing *Anti-Secession Law*. Additionally, *Anti-Secession Law* did not cause any negative effects to China-U.S. relations. Condoleezza Rice, U.S. newly appointed Secretary of State, visited Beijing on March 20 as planned previously and was received by President Hu Jintao and Premier Wen Jiabao. During their meetings, Premier Wen mentioned particularly his visit to the United States in December 2003 when President Bush expressed his strong support for the “one China” policy and his opposition against “Taiwan independence.” Besides, Premier Wen appreciated Rice’s efforts to make his visit to the United States a successful one. When talking to Chinese leaders, Rice said the United States “looks forward to a confident and a good partner in China so that we may address the many problems as well as the many opportunities that are affecting us in the Asia-Pacific region, and also around the world.”¹⁴⁷

With no exception, U.S. think tanks focused on the Article 8 of *Anti-Secession Law* and reacted basically in a negative way. Some scholars nonetheless made different analyses of *Anti-Secession Law* with certain understanding. David Lampton criticized Chen for exploiting U.S. ambiguous policy to play an “edge ball” and to offend U.S. bottom line. He believed that *Anti-Secession Law* was formulated under these pressures. William Overholt, Director of the RAND Corporation’s Center for Asia Pacific Policy, considered that the law did not deviate much from the mainland’s Taiwan policy. The law was not to look for an excuse to open war against Taiwan but to deter Taiwan from independence. Ted Carpenter,

¹⁴⁵Xu Shiquan and Yu Keli eds., *Taiwan 2005* (Beijing: Jiuzhou Press, 2006), pp. 451–453.

¹⁴⁶The author’s interview with Dennis Wilder, Senior Director for Asian-Pacific Affairs at the National Security Council, March 17, 2005.

¹⁴⁷“Transcript: Rice, Chinese Leaders, Stress Constructive, Growing Relationship,” *Washington File*, March 22, 2005, p. 3.

senior fellow and vice-president for defense and foreign policy studies at the Cato Institute, noted that this law just demonstrated the mainland's consistent position in a different manner, and it did not mean a basic shift in its Taiwan policy. "Beijing was just reiterating that it should not turn a blind eye to 'Taiwan independence' secessionism."¹⁴⁸

In testimony to the House Subcommittee on Asia and the Pacific, says Shelly Rigger, professor of East Asia Politics at Davidson College, "The destructive consequences of the law are obvious, but I do not think that the anti-secession law necessarily will signal a return of cross-Strait tension." The first reason that Beijing decided to proceed with the law was to "underscores Beijing's determination to prevent Taiwan from giving up on unification." It puts the international community "on notice that any country that encourages Taiwan to pursue a more independent course is taking a heavy risk." Domestically, the Chinese leaders "see the anti-secession law as a way to demonstrate to the Chinese people and to their colleagues in the leadership of the Communist Party that this generation of leaders will take a hard line on Taiwan." As Rigger observes, "the anti-secession law need not be the beginning of the end in cross-Strait relations ... The key will be for Taiwan's leaders to resist the temptation to retaliate." She also points out that there is "the possibility that leaders in Beijing may be using the anti-secession law to pacify hardliners in their own Government in the hope of opening a space for a more relaxed approach to dialogue in negotiation with Taiwan ... It may be that anti-secession law is a fierce mask behind which a gentler face is lurking."¹⁴⁹

By 2006 some scholars from U.S. think tanks believed that a comparative balance of power had already been established and cross-Strait relations were "moving towards a de facto interim agreement." Donald Zagoria, a trustee of the NCAFP, wrote that while it did not give up "stick," Beijing utilized more "carrots" in its Taiwan policy because it realized that the time was on its side. "The doctrinal basis for this policy," he argued, "was laid down by Hu Jintao himself with his 'four nevers,' the most important of which is 'never abandon faith in the Taiwan people.'" He found, "Beijing is mainly concerned with preventing Taiwan's *de jure* independence, not with pushing for immediate reunification." While Taiwan has never renounced the option of independence, yet "the defeat of the DPP in the legislative elections of December 2004" and "the weakening of Chen's position as a result of corruption scandals," along with "American pressure" have pushed Chen closer to the central position on the sovereignty issue. This position supports "neither independence nor reunification but to accept the *status quo*." Besides, Taiwan authorities now kept assuring the United States that they would stand by the "four no's." The administration of George W. Bush "has convinced Beijing...that it will not...take Taiwan by force," and at the same time convinced Chen Shui-bian

¹⁴⁸See Zhang Chun, *Meiguo sixiangku yu yigezhongguo zhengce*, pp. 150–154.

¹⁴⁹Shelly Rigger, "China's anti-Secession Law and Development Across the Taiwan Strait" (House Committee on International Relations, Subcommittee on Asia and the Pacific) April 6, 2005.

that “it is not in the U.S.’s or Taiwan’s interests...to ...alter the *status quo*.” That is to say, both U.S. “policy of deterrence and reassurance for both China and Taiwan” were successful. Therefore, “a tentative equilibrium among the three key players” has constructed, and it is a “de facto interim agreement.”¹⁵⁰

2.4 Think Tanks and George W. Bush Administration’s Taiwan Policy

George W. Bush’s term in office from January 2001 to January 2009 nearly overlaps with that of Chen Shui-bian from May 2000 to May 2008. As previously mentioned, Bush’s policy orientation was to strengthen Taiwan-U.S. relations in the first two years after he took office. Such a policy, however, encouraged Chen’s secessionist activities. Due to Chen’s attempt to wantonly propel secessionist movement, regional peace and security as well as China-U.S. relations were threatened. Having realized this, in the following years of his term of office Bush altered the priority of U.S. Taiwan policy to oppose Taipei’s unilateral change of *status quo* and *de jure* independence. China and the United States thereafter began to jointly safeguard the stability of the Taiwan Strait, and this was surprisingly unexpected by secessionists in Taiwan.

2.4.1 Think Tanks and the “Clarification” of U.S. Taiwan Policy

After the normalization of U.S.-China diplomatic relations, U.S. administrations intentionally follow a policy of “strategic ambiguity” under the guidance of the TRA. George W. Bush was obviously discontent with this policy. When asked by correspondent on April 1, 2001 that whether it was U.S. responsibility to defend Taiwan if it was attacked, Bush answered firmly that the United States would do “whatever it took to help Taiwan defend herself. None of his predecessors, either of Democrat or Republican, had ever expressed any similar statement as such. He did not make this expression occasionally though. In fact, during the late term of the

¹⁵⁰Donald Zagoria, “The U.S.-China-Taiwan Triangle: Towards Equilibrium,” *Policy Forum Online* 06-40A, May 23rd, 2006. On March 4, 2005, President Hu Jintao set forth a four-point guideline on cross-Strait relations under new circumstances while attending a joint panel discussion of China’s top advisory body members – including the Revolutionary Committee of the Chinese KMT, Taiwan Democratic Self-Government League, and All-China Federation of Taiwan Compatriots—representing the Taiwan region. The four-point guideline includes “never sway in adhering to the one-China principle,” “never give up efforts to seek peaceful reunification,” “never change the principle of placing hope on the Taiwan people,” and “never compromise in opposing the ‘Taiwan independence’ secessionist activities.” See *Taiwan 2005*, pp. 357–360.

Clinton administration Republican conservatives held a growing discontent with the policy of “strategic ambiguity.” Following the Clinton administration’s public criticism on Lee Teng-hui’s “two-state theory,” conservative think tanks such as the Heritage Foundation and the PNAC jointly issued a *Statement of the Defense of Taiwan* on August 20, 1999. The statement blasted the Clinton administration that the administration’s efforts to “pressure Taipei to cede its sovereignty and to adopt Beijing’s understanding of ‘One China’ are dangerous and directly at odds with American strategic interest,” and “the time for strategic and moral ‘ambiguity’ with regard to Taiwan has passed.” Therefore, the United States should “make every effort to deter any form of Chinese intimidation of the Republic of China on Taiwan and declare unambiguously that it will come to Taiwan’s defense in the event of an attack or a blockage against Taiwan.”¹⁵¹ An eminent group of twenty-three Republican conservatives endorsed this statement by signing their names on. Some of these dignitaries served as senior officials within the Ronald Reagan, George Bush, and Bill Clinton administrations, such as Secretary of Defense Caspar Weinberger, National Security Advisor Richard Allen, White House Councilor Edwin Meese, Secretary of Education William Bennett, and Director of Central Intelligence James Woolsey. Some of them served as senior officials both for previous Republican administrations and then worked for George W. Bush, such as Richard Armitage, Paul Wolfowitz, John Bolton, I. Lewis Libby, and Richard Perle. And some others are notable conservative theorists such as Edwin Feulner, Jr., William Kristol, Robert Kagan, and Paul Weyrich. These conservative think tanks had already been well prepared before George W. Bush’s presidential inauguration, and they just expressed what they advocated by the mouth of Bush and thus reinforced the meanings of “defend Taiwan” with unprecedented strength.

Some scholars of conservative think tanks felt excited about Bush’s statement on U.S. Taiwan policy of “clarity.” As John Tkacik observed, “Bush Administration’s imposition of clarity in America’s strategic dialogue with China is a positive development,” which “informs Beijing that its actions have consequences.” “If China continues its threatening military buildup across the Taiwan Strait,” Tkacik said, “U.S. support for the island will strengthen.” He also suggested “the (Bush) Administration should emphasize its commitments under the Taiwan Relations Act rather than focus on the Three Communiqués to remind China’s leadership that America not only has vital national interests in a democratic Taiwan, but also has statutory obligations to provide Taiwan with the articles in need to avert aggression.”¹⁵²

On the other hand, Bush’s statement of “clarity” on Taiwan policy had also been attacked by public criticism from a variety of scholars particularly those from think tanks of the Democratic Party. They all pointed out the risk of Bush’s statement that

¹⁵¹The Project for the New American Century, “Statement on the Defense of Taiwan,” www.newamericancentury.org/TaiwanDefenseStatement.htm.

¹⁵²John Tkacik, “Stating America’s Case to China’s Hu Jintao: A Primer on U.S.- China- Taiwan Policy”. *Heritage Foundation Backgrounder*, No. 1541, April 26, 2002.

tolerating Taiwan independence secessionist forces and their activities would escalate regional tensions and drag the United States further into unwilling conflicts with China. Alan Romberg, senior associate at the Henry Stimson, held that the “president over-interpreted the *TRA*.”¹⁵³ Nicholas Lardy, senior research fellow at the Brookings then, argued that the strategic ambiguity of U.S. commitments to Taiwan is the “essential part” to maintain the stability of the Strait. Accordingly, “U.S. unequivocal commitments to the security of Taiwan” as President Bush stated, Lardy put, would “signify a risk that we shall strive to avoid.” David Shambaugh, director of China Policy Program at the George Washington University, regarded Bush’s statement as virtually a way to renew the *U.S.-Taiwan Mutual Defense Treaty* and thereby the statement posed serious concerns.¹⁵⁴ On a workshop hosted on September 15 by the Center for National Policy (CNP) and chaired by James Steinberg, some scholars argued that nothing had remained unclear in U.S. Taiwan policy. Two of U.S. aircraft carrier battle groups were dispatched to the Taiwan Strait by the Clinton administration in the spring of 1996, to which they referred as a clear signal of U.S. commitments to Taiwan. They therefore concluded that the United States would provoke China or encourage Taiwan to provoke China if Washington made more formal security assurances to Taiwan.¹⁵⁵ Professor Robert Ross of Boston College suggests that the United States should not abandon its strategic ambiguity by intervention against the mainland’s use of force under all circumstances. Some facts and circumstances should be taken into consideration if Washington is to change its policy toward the Taiwan Strait. First, U.S. abandonment of the present ambiguity “would not enhance deterrence or stability, but it would impose a cost on the United States.” Second, “China cannot be deterred in the unlikely event of a Taiwan declaration of independence.” Third, “an unconditional U.S. commitment to defend Taiwan would undermine the U.S. ability to cooperate with China.”¹⁵⁶

In an article appearing in *Foreign Policy in Focus* in April 2001, Thomas Bickford, a research scientist in the Center for Naval Analyses, observes that Washington is abandoning the policy that it intentionally holds an equivocal attitude toward the Taiwan issue. And this confines itself to reacting to emergencies in future and also increases the possibilities of getting involved into a crisis that neither Washington nor Beijing wants.¹⁵⁷ In his article entitled “Going Too Far, Bush’s Pledge to Defend Taiwan,” Ted Carpenter of the Cato Institute holds a similar viewpoint that President “George W. Bush seemingly replaced

¹⁵³The author’s interview with Alan Romberg, July 2, 2001.

¹⁵⁴“Bush Taiwan Comments Generate Questions on Capital Hill,” Public Affairs Section, Embassy of the United States of America, ed., *Washington File*, April 26, 2001, p. 3.

¹⁵⁵Michael Spirates, *Perspectives on Cross-Strait Relations. Challenges and Opportunities* (Conference Summary), winter 2001, p. 5.

¹⁵⁶Robert S. Ross, “The Stability of Deterrence in the Taiwan Strait,” *The National Interest*, Fall 2001, pp. 75–76.

¹⁵⁷Thomas Bickford, “Problem with Current U.S. Policy,” *Foreign Policy in Focus*, April 30, 2001. See *Caokao xiaoxi*, May 16, 2001, p. 2.

Washington's long-standing policy of 'strategic ambiguity' with a policy of strategic clarity," and this "creates an extremely dangerous situation for the United States."¹⁵⁸ Bush's "unconditional pledge to defend Taiwan," Carpenter adds, "was irresponsible." "No reasonable American would be happy about the possibility of a democratic Taiwan being forcibly absorbed by an authoritarian China, but preserving Taiwan's de facto independence is not worth risking war with a nuclear-armed power capable of striking the United States. America should never incur that level of risk except in the defense of its own vital security interests."¹⁵⁹

According to Michael Swaine, senior associate and co-director of the China Program at the Carnegie, "the one-sided Bush approach instead signals to Taipei and Beijing that the U.S. will probably tolerate and might encourage any movement toward independence short of the most obvious, such as a formal declaration. It also signals that the U.S. will defend Taiwan if China responds to such movement with a show of force." "This approach is dangerous." To recap, without credible efforts to "reassure China by restraining Taiwan and correcting its pro-Taiwan policy, the Bush administration may ensure rather than deter a future conflict with China."¹⁶⁰ Many scholars criticized that Bush's statement made Chen believe that he got a "blank cheque," which enabled Chen to take any move that would cause dire consequences irrespective of the stability of the Taiwan Strait. In a speech in April 2001, President Bush recommended to "offer Taipei the freedom so that it could do anything it wants." In other words, "to some extent, Chen Shui-bian was spoiled by the Bush administration."¹⁶¹

2.4.2 Think Tanks and Chen Shui-Bian's "One Country on Each Side" of the Taiwan Strait

In fact, the DPP per se is a movement that regards the pursuit of "Taiwan independence" as its duty. Even though Chen insincerely made a statement of "four noes one without" (*si bu yi meiyou*) in his inaugural speech in May 2000,¹⁶² he

¹⁵⁸Ted Carpenter, "Going Too Far. Bush's Pledge to Defend Taiwan," *Foreign Policy Briefing*, May 30, 2001. http://www.cato.org/pub_display.php?pub_id=1590.

¹⁵⁹Ted Carpenter, "President Bush's Muddled Policy on Taiwan," March 15, 2004, www.cato.org/pubs/fpbriefs/fpb82.pdf.

¹⁶⁰Michael Swaine, "Bush Has a Tiger by the Tail with His China Policy," *Los Angeles Times*, June 17, 2002, B-11.

¹⁶¹See *Cankao xiaoxi*, December 7, 2003, p. 1; the author's with Kenneth Lieberthal, June 24, 2004; the author's interview with Michael Swaine, February 10, 2004; the author's interview with Chas Freeman, February 14, 2004.

¹⁶²Chen Shuibian pledged that provided the People's Republic of China has no intension to use military force against Taiwan, his administration would not declare Taiwanese independence, change the national title from "the Republic of China" to "the Republic of Taiwan," include the doctrine of special state-to-state relations in the Constitution of the Republic of China, or promote

never stopped pursuing “gradual Taiwan independence” (*jianjinshi taidu*) and “de-Sinification” (*qu zhongguohua*) by exploiting any resource and means that are available.

To a great extent, terrorist attacks on September 11, 2001 influenced both U.S. domestic and foreign policy. The United States did not concentrate on Taiwan in 2001 and 2002, and turned a blind eye to the “gradual Taiwan independence” that Chen endeavored to advance. Afterwards Chen went too far. The first time drawing U.S. attention was on August 3, 2002 when Chen announced the so-called “one country on each side” of the Taiwan Strait.

The Pacific island state Nauru, which maintained a “diplomatic relationship” with Taiwan, switched its recognition from Taipei to Beijing on July 21. Becoming angry out of embarrassment, Chen on the same day gave a speech when he took over the chairmanship of the DPP. Chen advocated, “If our good will does not receive a corresponding response, we should think about the way we are taking. We will take our own way as Taiwanese, and make our future a bright and promising one through this way.” On August 3, 2002, Chen stated “one country on each side” by telecasting to the annual conference of the World Federation of Taiwanese Associations in Tokyo. Chen formally cast the doctrine of “one country on each side,” which is exactly a duplication of Lee Teng-hui’s “two-state theory.” Obviously, Chen’s statement was thought as a direct challenge against U.S. “one China” policy. He soon had been criticized harshly by U.S. National Security Council and Spokesman of the State Department. Besides, even the longstanding pro-Taiwan *Washington Times* criticized Chen in its articles in two successive days in middle August. Of which one article indicates that the statement by Chen not only went against Taiwan but also U.S.-Taiwan relations. The author of another article confessed that he had visited Taiwan for 20 times over the past 40 years and is a “friend” of Taiwan. But he thought Chen’s statement is a big mistake, which makes Taiwan’s friends more difficult in the United States. He then suggested that unless Chen corrected his fault soon and promised not to do that again, or the triangular relations among Washington, Beijing and Taipei would inevitably be damaged. According to Su Chi, who was in Washington during that time, a “heavyweight” pro-Taiwan American took the brief reports of these two articles and told Su that what they said are what exactly Americans want to say.¹⁶³

In the hope of eliminating the baneful influence in the United States resulting from Chen’s “one country on each side,” Tsai Ing-wen, Chair of Mainland Affairs Council (MAC) in Taiwan visited Washington and intended to explain to U.S. officials and think tanks. What she received, however, was overwhelming criticism. Tsai said that “one country on each side” is a casual daily use term in Taiwanese

(Footnote 162 continued)

a referendum on unification or independence. In addition, Chen pledged that he would not abolish the National unification Council or the National Unification Guidelines during his administration. See Su Chi, *Weixian bianyuan*, p. 137.

¹⁶³Su Chi, *Weixian bianyuan*, pp. 305–306; William Rusher, “Diplomatic Miscue,” *Washington Times*, August 15, 2002.

language. An U.S. official sternly replied that it is not casual at all if the term is printed out. Another long-term pro-Taiwan and heavyweight high-ranking person reminded Tsai that a president of any country couldn't act like boxers that keep jumping around and changing positions because nobody could tell what his position is. The weekly *Far East Economic Review* had used this metaphor in the next whole year as a heading of serial special interviews of Chen.¹⁶⁴ The issue had gone eventually, but the Bush administration's discontent with Chen's wishful moves that were messing up its strategic deployment (since the United States was planning to open the Afghanistan War at that time) could hardly be removed. Indeed, Chen's "one country on each side" is a turning point of the relationship between the Bush administration and Taipei. What really displeased the Bush administration was not only that the contents of Chen's statement went "against (U.S.) 'one China' policy, but also the way he did that: he did not inform the United States of what he would say in his speech in advance and what he said was really beyond U.S. expectation. Furthermore, Chen did not learn a lesson from this, and surprised the United States again and again so that the United States deems him to be 'unpredictable'."¹⁶⁵ Chen became untrustworthy to the United States, and Taiwan-U.S. mutual trust was decreasing, ending with U.S. strong opposition to Chen's push for joining the UN referendum.

2.4.3 Think Tanks and National Referendum and Presidential Elections in 2004

To attempt to be re-elected in 2004 successfully, Chen had stepped up his efforts since fall 2003 in secessionist moves. This triggered an alert around the world and the Bush administration severely criticized him. Bush's rebuke to Chen spread on the island and beyond. Cheng Chien-jen, the Representative of Taipei Economic and Cultural Representative Office in the United States (TECRO), noted that U.S. President had used extremely harsh words and Taiwan-U.S. relations were at an unprecedentedly terrible situation.¹⁶⁶ "While not a change of policy," as some U.S. scholars also pointed out, "this public presidential rebuke of Chen is the sharpest criticism of Taiwan voiced by any U.S. president since diplomatic relations were broken in 1978 and a clear indication of the current strains in U.S.-Taiwan relations."¹⁶⁷

¹⁶⁴Su Chi, *Weixian bianyuan*, pp. 306–307.

¹⁶⁵The author's interview with Dennis Wilder, Senior Director for Asian-Pacific Affairs of National Security Council, March 16, 2006.

¹⁶⁶*Taiwan 2004*, p. 78.

¹⁶⁷David Brown, "Strains over Cross-Strait Relations," http://csis.org/files/media/isis/pubs/0304qchina_taiwan2004.

Chen defended himself for his promotion of “Taiwan independence,” claiming that he was advancing Taiwan’s democracy and strengthening Taiwan’s capabilities to resist the mainland’s intimidation. There was no contradiction between the referendum and U.S. will since he did not seek to alter the *status quo*, Chen added. Chen’s arguments had gained a sympathetic hearing before U.S. Congress. While some members of Congress considered it U.S. moral obligation to support Chen’s national referenda and his advocacy of formulating new Constitution, some others even made proposals, regardless of international justice and U.S. relations with China, that the United States forsakes its support for the “one China” policy, endorsing Taiwan’s rights to determine by itself and forcing China to recognize Taiwan’s independence.

Carnegie senior associate Michael Swaine refuted all similar views as mentioned above in an article published in *Foreign Affairs*. He pointed out that these members of Congress made three faulty assumptions: (1) “Beijing would ultimately permit Taiwanese independence rather than confront the United States;” (2) “an expression of democratic self-determination is sufficient to establish territorial sovereignty and that democracy is incompatible with any political arrangement short of formal independence;” and (3) it is “fundamentally contrary to U.S. interests, to oppose any manifestation of democracy in Taiwan.” First, Swaine indicated that the Chinese leadership would neither abandon the “one China” policy, nor will it renounce its use of force over the island. “In order to avoiding losing Taiwan,” “China would almost certainly sacrifice good relations with the West (and the economic benefits that accrue from those relations).” Because for Beijing “the damage to China’s political and social stability in being seen to lose territory, in other words, would be even greater than the diplomatic and economic damage resulting from a conflict with the United States.” Supporting Taiwan independence would ignite a war against China, and the war with China would be “far more dangerous than any of the United States’ post-Cold War operations.” While China did not want to have such a war, “China’s deployment of military forces along the Taiwan Strait is intended to deter Taiwan and the United States from closing off the option of eventual reunification.” Besides, the United States “must avoid giving Taiwan the impression that it will permit China to coerce the island into submission.” Meanwhile, the better China-U.S. relations and the more their cooperation, the more likely that China would believe that Washington wants to maintain the *status quo*. Therefore, U.S. “efforts to strengthen deterrence ... must be carefully coordinated with a larger strategy of reassurance if stability is to be maintained.” Second, Swain analyzed the relations between Taiwan’s democracy and its political future by implying that “Taiwan’s democratization and the consequent ‘Taiwanization’ of the island’s political system do not automatically justify the unilateral abandonment of the United States’ original pledge.” He also criticized the view that “support for democracy in Taiwan obligates the United States to endorse the formation of an independent and sovereign nation-state.” As Swaine argued, “democracy will continue to thrive only if unilateral strides toward independence are rejected, because moves to alter the *status quo* would probably result in a devastating conflict on the island.” Third, as for U.S. morality to Taiwan, Swaine

contended “Washington’s top priority should be to avoid precipitating war across the Taiwan Strait, a situation that would inflict incomparably greater suffering on the island.” “U.S. strategic, political, and moral interests are thus best served by a policy that seeks not only to deter the use of military force but also to ensure that reunification between Taiwan and China remains an option.” He concluded “President Bush’s recent policy shift is a step in the right direction.”¹⁶⁸

In comparison with the two statements by George W. Bush in April 2001 and on December 9, 2003, Chas Freeman noted that neoconservatives urged Bush to clarify U.S. Taiwan policy when Bush first came to office. Under this circumstance, Bush pledged that the United States would do “whatever it takes to help Taiwan defend herself.” Chen waged the tail much higher, believing that the Bush administration gave him a blanket cheque that would support whatever he did. Bush now had articulated that it was not true, and taught Chen a lesson.¹⁶⁹

Richard Bush pointed out three reasons for the Bush administration to oppose the referendum Chen advocated. First, China-U.S. relations underwent drastic changes after the “9·11” terrorist attacks, and U.S. expectations of Taiwan’s moves that would affect China-U.S. relations also completely changed. Second, the United States was unwilling to be drawn into military tensions of the Taiwan Strait that against its will. Third, Chen’s moves without any adequate discussion with the United States frequently surprised and depressed Washington, and the Bush administration felt that “tail wages the dog.”¹⁷⁰

George W. Bush’s pledge to “defend Taiwan” in 2001 and his rebuke to Chen in 2004 were considered improper by Ted Carpenter of Cato Institute. Instead, Carpenter suggested Bush to express that the United States took no position on the issue of Taiwan independence and not support or oppose any result. Besides, Washington should tell Taiwan that the Taiwanese should “make their own decision about whether to opt for independence,” while they must assume all possible risks. Washington should firmly tell both Beijing and Taipei “the United States will not become involved in any armed struggle between Taiwan and the PRC.”¹⁷¹

Bush’s sharp rebuke of Chen Shui-bian soon invited discontent and attack from neoconservative theorists. The three well-known neoconservative figures William Kristol, Robert Kagan and Cary Schmitt immediately published a statement, claiming that Bush’s statement was a fault and a reward for Beijing’s humiliation. They criticized that Bush did not even utter a single word regarding China’s missile deployment against Taiwan and Beijing’s threat of opening a war against Taipei.

¹⁶⁸Michael Swaine, “Trouble in Taiwan,” *Foreign Affairs*, Vol. 83, No. 2 (March/April, 2004), pp. 39–49.

¹⁶⁹The author’s interview with Chas Freeman, February 9, 2004.

¹⁷⁰Richard Bush, “Taiwan Elections Update: A Turning Point with Security Implications?” “Tail wages the dog” here refers to a situation where subordinate force controls its master. At that time, many U.S. scholars applied this metaphor to describe U.S.-Taiwan relations, and David Lampton once described their relations as “a tail wages two dogs.”

¹⁷¹Ted Carpenter, “Going too Far: Bush’s Pledge to Defend Taiwan,” *Foreign Policy Brief*, May 30, 2001, http://www.cato.org/pub_display.php?pubid=1590.

They believed that a policy appeasing the “dictator” would only bring more intimidation. John Tkacik blamed President Bush for losing a direction on the Taiwan issue. He felt surprised at Bush’s rebuke to Chen and said even Bill Clinton did not go that far. By comparing with Bush’s promotion of democracy in the Middle East and his attitude toward the referendum in Taiwan, Tkacik remarked with a note of sarcasm that a U.S. President just delivered a speech on democracy in the Middle East and then told Taiwanese people whom they should choose. This was completely incompatible.¹⁷² Bush’s political allies were fraught with uncontrollable anger. The *Washington Post* also criticized Bush in an editorial article entitled “Mr. Bush’s Kowtow” that the President “essentially placed the United States on the side of the dictators who promise war, rather than the democrats.” “Mr. Bush had his reasons for doing so—above all to avoid one more foreign policy crisis during an election year. But in avoiding a headache for himself, he demonstrated again how malleable is his commitment to the defense of freedom as a guiding principle of U.S. policy.” “A president who believed his own promise to ‘favor freedom’ would have said yesterday that China’s ‘comments and actions’—from invasion threats to missile deployments—were of considerably greater concern than a proposed exercise in voting booths.”¹⁷³

Chen won a narrow victory over his KMT counterpart by a 0.2% in the election in March 2004. Chen delivered the inauguration speech on May 20 and thus started his second term.

U.S. think tanks soon began to assess the influence that the election caused to policies of each side. On March 31, Donald Zagoria of NCAFP gave a speech of “The Taiwan Challenge” at Asia Society, proposing some measures that Washington should adopt. First, the United States should continue to oppose “any unilateral change in the *status quo* by either side.” Second, the United States has to do its best “to help restart the dialogue between China and Taiwan.” Third, the mainland should give up its past policies of “military threat and diplomatic isolation” toward Taiwan and give Taiwan “more space on the international scene” and “showing greater flexibility on its preconditions for dialogue with Taiwan.” Fourth, the United States has to “make clear to Taiwan that although America supports Taiwan’s democracy ... those obligations do not involve handing Taiwan a blank check.” “Taiwan’s leaders must consult with us on any actions or policies that could threaten cross-strait stability, including the revision of the Taiwan Constitution.”¹⁷⁴ In early April 2004, NCAFP sent a small working group to Taipei and Beijing. In the summary report written based on the group’s visit, they continuously expressed “cautious optimism,” claiming “a military confrontation between China and Taiwan into which the U.S. would be drawn is possible, but not inevitable.” The first reason

¹⁷²Dana Milbank and Glenn Kessler, “President Warns Taiwan on Independence Efforts; Bush Says Referendum on China Should Not Be Held,” *Washington Post*, December 10, 2003, p. A01.

¹⁷³“Mr. Bush’s Kowtow,” editorial, *Washington Post*, December 10, 2003, p. A30.

¹⁷⁴Donald Zagoria, “The Taiwan Challenge,” www.tandfonline.com/doi/abs/10.../10803920490472272.

is that Chen as a shrewd politician “is capable of pragmatic adjustment” and he “may be constrained from moving too boldly towards Taiwan independence by the United States, by China, by the Taiwan business community.” Second, the China mainland leaders would act in a more prudent manner because they “understand that a military clash with Taiwan would have very high domestic and international costs.” Finally, “social and cultural interaction between the sides is growing and may have a leavening impact on attitudes on both sides of the strait.”¹⁷⁵

Neoconservative scholars were immensely excited about Chen’s reelection. William Kristol put forward a series of propositions at the hearing before the House Committee on International Relations to mark the twenty-fifth anniversary of the TRA. First, the George W. Bush should upgrade its congressional delegation, such as “a serving Cabinet official,” to Chen’s inauguration on May 20. Second, the administration should change its attitude toward Taiwan leaders’ visits to Washington. He considered it “absurd that a democratically elected president cannot visit senior U.S. officials or even Washington, but general secretaries of the Chinese Communist Party have been to the White House.” They thought that America had already reassured China too much in terms of refusing Taiwan leaders’ visits to Washington. Third, U.S. efforts to strengthen its commitments to Taiwan’s defense should be “continued, enhanced and made as public as possible.” These efforts would benefit Americans to “understand the importance of America defending democratic allies.” Fourth, Taiwan should be encouraged to take part in as many international organizations and activities as possible, including the recognition of Taiwan’s membership of proliferation security initiative. In light of Taiwan’s “strategic location” and “its long history of working with the United States,” “Taiwan’s cooperation in regional security is imperative to U.S. interests.” As WHO observership “explicitly does not require statehood,” the United States should include Taiwan into the WHO; and “the U.S. and other sympathetic countries need to meet China’s ante and raise it.” Taiwan should be allowed to join other multilateral discussions and exercises among democratic Asian countries. Fifth, propelling negotiations over a free trade area between the United States and Taiwan is consistent with U.S. business and trade policies, and “politically, the impact would be extremely important.” He quoted what Vice President Cheney said in a speech when visiting China in the middle of April that Chinese people will “eventually ask why they cannot be trusted with decisions over what to say and what to believe” and argued that the word “eventually” suggested that “for now the U.S. does not consider democracy a priority for China.” He thus made a conclusion, “America’s policy toward China is insufficiently directed toward democratizing China.”¹⁷⁶

¹⁷⁵National Committee on American Foreign Policy Visit to Taipei and Beijing, April 4–10, 2004, <http://www.ncafp.org/articles/04%20report%20on%20NCAFP%20visit%20to%20taipei%20and%20Beijing.pdf>.

¹⁷⁶“The Taiwan Relations Act: The Next Twenty –Five Years.” Testimony of William Kristol, Committee on International Relations, House of Representatives, April 21, 2004.

Thanks to the tripartite pressure from the Taiwanese people, the mainland and the United States, Chen had to unwillingly announce that he would follow the “four noes and one without” pledge when delivering the inauguration speech to initiate his second term. He also hypocritically claimed “We can understand why the government on the other side of the Strait, in light of historical complexities and ethnic sentiments, cannot relinquish the insistence on the ‘one China Principle.’” “I am fully aware that consensus has yet to be reached on issues related to national sovereignty, territory and the subject of unification/independence; therefore, let me explicitly propose that these particular issues be excluded from the present constitutional re-engineering project,” he said. Chen pledged that his “next step will be to invite both the governing and opposition parties, in conjunction with representatives from various walks of the society, to participate in the establishment of a ‘Committee for Cross-Strait Peace and Development,’ combining the collective insight and wisdom of all parties and our citizenry, to draft the ‘Guidelines for Cross-Strait Peace and Development.’” “The goal will be to pave the way for formulating a new relationship of cross-strait peace, stability and sustainable development.”¹⁷⁷ The Bush administration welcomed what Chen had pledged and believed that Chen’s reaffirmation of his previous commitments “creates an opportunity for Taipei and Beijing to restore dialogue across the Strait.” American scholars also shared the belief that Chen’s remarks were “positive, cooperative;” “Chen has taken the first step,” and now Beijing needs to “respond wisely” since “the ball is back in Beijing’s court.”¹⁷⁸ The Bush administration and U.S. scholars’ happy days, unfortunately, faded away quickly. Chen’s goal of seeking the “de facto independence” remained unchanged, and his actions later surprised Washington once again.

2.4.4 Think Tanks and the Abolition of the NUC and the GNU

Taiwan held its “three in one”—county heads, county councilors and village heads—election in December 2005, ending with the DPP’s fiasco and KMT’s landslide victory. Among the 23 seats for county magistrates and city mayors, the DPP reduced its seats from 9 to 6 while the Pan-Blue Coalition won 17 seats in which the KMT had 14. DPP Chairman Su Tseng-chang resigned after the failure. Chen’s response, however, was to announce that the National Unification Council (NUC) would “cease to function.” In his Chinese New Year address on January 29,

¹⁷⁷Government Information Office, Executive Yuan, “Zhonghuaminguo dishiyiren zongtong fuzongtong jiuuzhi qingzhu dahui” [Inauguration Speech of the 11th President and Vice President of ROC], <http://www.president.gov.tw/Default.aspx?tadid=131&itemid=94538&rmid=514>.

¹⁷⁸Ralph Cossa, “Taiwan: The Ball in Beijing’s Court,” <http://www.nyu.edu/glaobalbeat/syndicate>; Alan Romberg, “Cross –Strait Relations: Avoiding War, Managing Peace,” *CAPS Paper*, No. 38, <http://www.stimson.org/images/uploads/research-pdf/CAPSPAPERSNO3pdf>.

2006, Chen declared his three pledges, of which the first one is proposing abolishing the NUC and the Guidelines for National Unification (GNU).¹⁷⁹ This apparently violated his previous pledges of “four noes and one without,” constituting a dangerous step that challenges the stability of cross-Strait relations. Both China and the United States realized the seriousness of the issue. On February 26 and 28, Spokespersons from both Taiwan Work Office of the CPC Central Committee and Taiwan Affairs Office of the State Council made a serial of announcements. They harshly criticized Chen’s malicious move and solemnly declared “Taiwan compatriots are our brothers and sisters of the same blood. No matter what happens, we will put ourselves in their position, give full consideration to their needs and do our utmost to protect their legitimate rights and interests.” We will further promote people-to-people contact and economic and cultural exchanges across the Strait and facilitate progress in establishing “three direct links” between the two sides of the Taiwan Strait, and continuously safeguard and promote the peaceful and stable development of cross-Strait relations with firm resolve along with Taiwanese compatriots.¹⁸⁰

After the Chinese New Year address by Chen, the Bush administration once more made its clear stance, reiterating that Washington opposes unilateral change of the *status quo* and requesting Chen to comply with his “four noes and one without” pledge. Denis Wilder, Senior Director of National Security Council for Asian-Pacific Affairs, and Clifford Hart, Director of the Office of Taiwan Coordination of State Department, visited Taiwan as Special Envoys of President Bush on February 22. As reported by the press, Wilder and Hart had a six-hour meeting with Chen. Under U.S. pressure, Chen began to play with words. On February 27, Chen presided over the “National Security Council Meeting” and held a press conference after the meeting, formally announcing that the council would cease to function and the guideline cease to apply. The word “abolish” was thus replaced. Chen was obviously hoaxing Washington.¹⁸¹ On February 27,

¹⁷⁹In September 1990, Lee Teng-hui invited representatives from all fields of Taiwan as advisory members of the newly established the “National Unification Council” (abbreviated as NUC), providing research and advisory opinions for “national reunification.” The “Guidelines for National Unification” (GNU) was formally publicized by the NUC at its third meeting in March 1991. The guidelines stipulate, “both the mainland and Taiwan areas are parts of Chinese territory,” that the two sides of the Strait should “enhance understanding through exchanges ... and eliminate hostility through reciprocity,” that both sides should “gradually ease various restrictions” and promote “three direct links” across the Taiwan Strait, and “expand people-to-people contacts,” that they should promote “mutual visits by high-ranking officials on both sides” and “establish “official communication channels,” that they should deal with cross-Strait affairs under the principles of “reason, peace, parity, and reciprocity” and fulfill the national unification gradually. The NUC and GNU reflect the consensus over one China shared by all fields in Taiwan in the 1990 s.

¹⁸⁰Xu Shiquan and Yu Keli eds., *Taiwan 2006* (Beijing: Jiuzhou Press, 2007), pp. 463–464, pp. 415–418.

¹⁸¹The English translations of these terms now are “cease to function” and “cease to apply,” avoiding the use of the word “abolish” eventually.

Spokesman of U.S. State Department announced at a press conference that the NUC had not been abolished but frozen. He used the word “freeze” in an attempt to downplay the issue. The White House spokesman Scott McClellan told the press that Chen’s announcements did not abolish the NUC. However, Chen Tang-shan, Secretary-General of the “Presidential Office” and Chiou I-jen, Secretary-General of the “National Security Council” in Taiwan did not seem to buy it. Instead they publicly mentioned that there is no distinction between “abolish” and “ceasing activity,” showing no respect to the Bush administration and making it difficult for Washington to justify itself. On March 2, an uncommon document appeared at the website of U.S. State Department. “We expect the Taiwan authorities publicly to correct the record and unambiguously affirm that the February 27 announcement did not abolish the NUC, did not change the *status quo*, and that the assurances remain in effect,” the document says. “Abrogating an assurance would be changing the *status quo*.” The document reaffirms that maintenance of Taiwan’s assurance is critical to preservation of the *status quo*. “Our firm policy is that there should be no unilateral change in the *status quo*, as we have said many times.” Chen is identified in the declaration, without adding any prefix such as “Mr.” or any official title before him. This did reflect U.S. anger at him.¹⁸²

The United States’ dissatisfaction with Chen was soon reflected in its successive actions. Chen was about to pay a visit to South America in May, and planned to make a stopover in New York as his first choice and Chicago as second choice. But the United States did not agree on either options, and asked Chen to have a stopover outside the United States. On May 2, Chen met with AIT Director Stephen Young, asking the United States to agree his request and threatening with non-stopover in the United States. However, Washington was also quite tough and maintained the original arrangement, and warned that if Chen didn’t agree then he could never make any stopover in the United States. Out of spite Chen did not make a stopover in the United States finally. Instead he went to Abuja first, and then made a detour to Amsterdam. Chen spent thirty-seven hours in detouring and spent a totally “lost journey.” Pro-Taiwan members of Congress were sympathetic with Chen. When Deputy Secretary of State Robert Zoellick encouraged China to act as a responsible stakeholder in testimony given before the House Committee on International Relations on May 10, 2006, some Senators took the chance to attack him over the issue of Taiwan. “Independence means war” and might entail U.S. military casualties, Zoellick responded bluntly. If Chen kept challenging U.S. “one China” policy, then he would “keep hitting into a wall.”¹⁸³

While Chen had never ceased launching activities for “gradual independence” since his election, there was nothing yet like “abolishing the NUC” that Chen openly broke his early promises. Therefore, the Bush administration showed discontent with Chen, and even the attitude of Congress was under change. At a

¹⁸²Senior Taiwan Official’s Comments on National Unification Council, State Department Press Statement, March 2, 2006, <http://www.state.gov/t/pa/pres/ps/2006/662488/htm>.

¹⁸³See *Taiwan 2006*, pp. 327–328.

hearing before the Department of Defense FY 2007 Authorization Request on March 7, warned John Warner, Chairman of the Senate Armed Services Committee, “if conflict were precipitated by just inappropriate and wrongful politics generated by the Taiwanese elected officials, I’m not entirely sure that this nation would come full force to their rescue if they created that problem.”¹⁸⁴

It is with no doubt that the “abolition of the NUC” drew close attention of major think tanks. On May 26, 2006, Alan Romberg of the Stimson Center and a prestigious Taiwan expert, denounced the Chen administration for its flip-flopping policies in an interview with reporter of the *China Post*. “For many Americans, this change at the very least creates anxiety and uncertainty about whether the government here sees the requirements to maintain peace and stability in ways that are compatible with how the government in Washington does,” he said. “What concerns Americans today is that our respective leaders may be operating on different assumptions and aiming at significantly different goals.” Romberg underscored that the United States was really concerned about the Chen administration’s sudden policy shift that would create a “nightmare scenario.”¹⁸⁵ “The cessation of the NUC certainly did have an impact because the U.S. believe that this was part of a package of commitments that President Chen made in his 2000 inaugural speech and which he reiterated in 2004,” Richard Bush of the Brookings told a reporter in an interview in early August 2006. “They were the commitments to the people of Taiwan, to China, and to the international community, and they are very important to the maintenance of peace in the Taiwan Strait.” “If this commitment was withdrawn,” Bush asked, “then what could happen to the rest?”¹⁸⁶

U.S. situations had been quite embarrassing in the course of Chen’s “abolition of the NUC.” Considering the “abolition of the NUC” as successful in his own conceit, Chen, on the contrary, had nearly lost all his credibility with Americans. The Bush administration lost its trust in Chen, and U.S.-Taiwan relations deteriorated extremely.¹⁸⁷ Washington had further recognized that Chen was really a “trouble-maker” and that he would seek opportunities to provoke the stability of Taiwan Strait and challenge U.S. policy. Therefore, Washington became more vigilant about activities forged by secessionist forces in Taiwan.

Chen Shui-bian realized the severe damage of the “abolition of the NUC” to U.S.-Taiwan relations. When meeting with AIT Chairman Raymond Burghardt on June 8, Chen promised that he would follow the “four noes.”¹⁸⁸ Washington

¹⁸⁴Alan Romberg, “The Taiwan Tangle,” *China Leadership Monitor*, No.18 (Spring 2006), pp. 10–11.

¹⁸⁵Jane Rickards, “U.S. Visitor Issues Chen Administration One of the Bluntest Warnings,” *The China Post*, March 26, 2006, http://www.chinapost.com.tw/i_latestdetail.asp?id=38504.

¹⁸⁶“Former AIT Head Bullish on U.S. –Taiwan Ties.” Interview with Dr. Richard Bush by Shih Ying-ying (*Taiwan Journal*), August 11, 2006, <http://www.brookings.edu/view/interviews/bush/20060811.pdf>.

¹⁸⁷The author’s interview with Dennis Wilder, Senior Director for Asian-Pacific Affairs of National Security Council, March 17, 2006.

¹⁸⁸Alan Romberg, “The Taiwan Tangle,” *China Leadership Monitor*, No.18 (Spring 2006), pp. 16.

welcomed Chen's argument ostensibly. But could anyone take it seriously since Chen failed to live up to his promises? Chen's moves to push for "Taiwan independence" more powerfully would soon force the Bush administration to react more severely.

2.4.5 U.S. Think Tanks and Taiwan's "Referendum on Joining the UN"

Chen's original intention is to amend the Constitution during his term in office, making the Constitution into an "independent" one. However, amending the Constitution requires an approval of three quarters majority in the Legislative Yuan. It is thus impossible for the DPP to advance the Constitutional alternations under the condition of veto-proof majority of the pan-Blue in the legislature. Taiwan would hold elections again in March 2008. The eight years during Chen's two terms in office from 2000 to 2008 had witnessed Taiwan's economic depression, people's struggle in mass impoverishment, ubiquitous corruption, social turbulence and constant protests. What cards could the DPP play during the March 2008 election under these circumstances? The party could do nothing but sowed discord among ethnic groups, tore the society into pieces and deceived the Taiwanese people on cross-strait policies. Chen had expressed earlier that the island would reapply for joining the UN under the name Taiwan. Since the late May 2007 Chen had kept sensationalizing to push for "referendum on joining the UN under the name Taiwan," polluting the political atmosphere in Taiwan. On July 19, Taipei submitted the application for joining the UN to its secretariat with the help of "diplomatic allies" of Taiwan including Solomon Islands. But Taiwan's application was refused and returned by UN Office of Legal Affairs the next day. Chen's tactics of "seeking victory amid risk" were designed to attract international attention. Yet, in contradiction with the consensus of "one China" shared by the international society, his moves were criticized harshly internationally. The Bush administration repeatedly announced its strong discontent with Chen's actions; scholars of major think tanks in America also voiced their displeasure at Chen and criticized him sternly.

When meeting with AIT Chairman Raymond Burghardt on June 15, Chen appealed to him for U.S. reiteration of the Six Assurances. Alan Romberg told the press in an interview on the same day that a large number of Taiwan-related people in America adhere to a belief that the Six Assurances represent U.S. Taiwan policy. The Six Assurances, nevertheless, do not imply U.S. acknowledgement that Taiwan is a sovereign entity in the international community. That is why the United States has not supported Taiwan's participation in international organizations composed of sovereign states since 1979. Taiwan's applications for entering the WHO and the UN in the name of "Taiwan" are unhelpful to cross-strait relations. "There really is no reason to believe that the United States would stand idly by if either side took

steps truly threatening to peace and stability in the Strait,” Romberg adds, “even if the president is distracted by many weighty issues, including the war in Iraq ... so this issue, too, merits his attention. While one may not agree with all of the positions Beijing is taking about Taiwan ... the caution so often heard from the Mainland, that one needs to deal with problems before they explode into crises, is worth heeding.”¹⁸⁹ No matter how many arguments the DPP adduced for the referendum, warns Romberg, “one cannot escape from the fact that it will inevitably be seen, not as crossing the line at this point to *de jure* independence, but as a step in that direction.” “One of the harsh realities that grow out of that history and that geography is that pressing for formal, independent sovereign status would be an invitation to tragedy.”¹⁹⁰

The George Washington University held a seminar under the title of “Taiwan’s Challenges” on June 22. CSIS senior research fellow Bonnie Glaser made some points at the seminar. Taiwan is not UN member, but this does not impact its international cooperation with other countries. However, the referendum did not help it to join the UN. Some people therefore doubted Chen’s political purposes behind the referendum. The White House made its stance quite clear that Washington opposed Taiwan’s referendum. If Chen insisted on pushing it, U.S.-Taiwan relations would inevitably be overshadowed. Later in her other article, Glaser points out, “Chen’s initiative violates the spirit if not the letter of his ‘four no’s’ pledge.” The United States should have taken steps to criticize and even punish Chen, as Glaser suggests. The purposes of doing these are twofold. The first one is “to inform the Taiwan people that Chen’s actions are putting US-Taiwan relations at risk so that they will oppose them.” The second is “to satisfy Beijing that US policy against Taiwan independence is firm and enable China to justify a more modest response should the referendum be held.” She lists some specific ways for the United States to punish Taiwan, such as allowing Chen to transit in Hawaii or Alaska only to South America, rebuking Chen as President Bush did in December 2003, postponing notifications to Congress of approved arms sales to Taiwan, and lobbying other countries to vote against Taiwan’s membership in the United Nations. Measures as such are sufficient to convey U.S. resolute opposition of alternating the *status quo* unilaterally. “The referendum will be high on Washington’s agenda this week when DPP presidential candidate Frank Hsieh meets with US officials,” Glaser suggests, “candid talks are sorely needed.”¹⁹¹

According to a report published on September 13 by senior research fellows of the Cato Institute Justin Logan and Ted Carpenter, “Taiwan’s recent push for independence from China and its recent bid to join the United Nations under the name Taiwan ... is aggravating the situation.” Thereby, “Washington needs to

¹⁸⁹Alan Romberg, “Election 2008 and the Future of Cross-Strait Relations,” *China Leadership Monitor*, No. 21 (Summer 2007), pp. 18–19.

¹⁹⁰Alan Romberg, “Applying to the UN ‘in the name of Taiwan,’” *China Leadership Monitor*, No.22 (Fall 2007), p. 25.

¹⁹¹Bonnie Glaser, “UN Referendum Impacts US-Taiwan Relations,” www.isn.ethc.ch/isn/current-affairs/security-Watch/Detail/?ots591=zlmg.

clarify its policy on Taiwan and prevent its client state from dragging the United States toward a confrontation with China.”¹⁹²

In a special interview conducted on July 6 by the *Washington Post*, Chen Shui-bian reacted and questioned Washington’s objection to Taiwan’s referendum. “Is it about the matter of holding referendum itself? Or about joining the UN? Or about using the name ‘Taiwan’? What is there to oppose in any of these?” “Using the name ‘Taiwan’ in an application does not change the official name of our country. Nor does this action violate my ‘four noes’ pledge.”¹⁹³

Even though some mainstream think tanks, as the Bush administration did, opposed Taipei’s push for referendum, some other think tanks vigorously offered support for Chen’s campaign and criticized the administration’s Taiwan policy. John Tkacik visited Taiwan again and had meetings with Lee Teng-hui in August 2007. He was told by Lee, “U.N. membership is not a legal issue, it is a political issue ... the most important things are power and friends.” “Taiwan’s ‘power’ pales in comparison to China’s,” and Taiwan’s most important friends are the United States and Japan. Lee told Tkacik, “If you alienate people, you have a problem.” In an article Tkacik writes, “President Bush was, no doubt, irritated to have Taiwan ... inject its domestic politics into his broad China agenda, superseding Iran, North Korea, Darfur, trade, product safety, and climate change.” He even argues that “U.S. policy toward Taiwan’s ‘status’ has been dogmatically agnostic” and the policy per se is confusing. The truth is, actually, the Bush administration “appears to care little about Taiwan’s referendum.” Therefore, Tkacik proposes that Washington should negotiate with Taiwan over the agreement “on a limit to Taiwan’s declarations of its own independent identity from China in return for United States reassurances, first pledged by President Ronald Reagan in 1982.”¹⁹⁴ Randall Schriver of *Amitage International*, former Deputy Assistant Secretary of State, writes for the *Taipei Times*, “China’s military capabilities are developing rapidly, while Taiwan’s may be atrophying;” Taiwan’s divisive internal politics have created “opportunities for Beijing to exploit divisions.” Given “Taiwan is increasingly isolated within the Asia-Pacific region,” “the US is diverted to issues” and “the US attention to Taiwan is episodic, and takes the form of ‘trouble shooting’ rather than sustained engagement,” Schriver proposes that the United States should consider delivering “six new assurances,” including mentioning “the survival and success of democracy in Taiwan is in the interest of the US;” the US will always “honor the TRA” and continue arms sales to the island; Washington “endorse cross-strait dialogue and interactions, but will not pressure Taiwan to enter into negotiations with Beijing “on terms Taiwan may deem as unfavorable;” issues related to the sovereignty of Taiwan are “for the people of the PRC and the people of Taiwan to decide

¹⁹²“U.S. Support for Taiwan Could Lead to War,” available at: upi.com/Top-News/Special/2007/9/13/...

¹⁹³“Interview with Chen Shui-bian, President of Taiwan,” *Washington Post*, July 8, 2007, www.washingtonpost.com/wp-dyn/content/article/2007/07/AR2007070700929.html.

¹⁹⁴John Tkacik, “Dealing with Taiwan’s Referendum on the United Nations,” *WebMemo*, Heritage Foundation, No. 1606. September 10, 2007.

peacefully themselves;” Washington will not formally recognize the PRC’s sovereignty over Taiwan; Washington will not support any outcome achieved through the use of force” or seek to curry favor with China by “making sacrifices in its relationship with Taiwan;” and Washington will “seek to promote opportunities for Taiwan to participate meaningfully in international organizations.”¹⁹⁵

However, mainstream scholars criticized their conservative counterparts for their support of Taiwan’s referendum. In an article appears at *PacNet*, an online magazine of Pacific Forum by the CSIC, Alan Romberg notes that some criticized the U.S. stance against the proposed referendum as a betrayal of U.S. values and its commitment to democracy.” And they argued that “Washington’s *realpolitik* approach to relations with the PRC gives Beijing the whip hand not only on Taiwan matters but also on other pressing international issues” and that U.S. policy could not maintain the *status quo*. “If Taiwan does not act now, not to immediately change the constitution but at least to gain international acceptance as a ‘state’ separate from the PRC and to deepen the sense of ‘Taiwanese identity’ on the island, over time Taiwan will lack the strength to resist the PRC’s intimidation and inducement, if not the outright use of force; the evolving ‘correlation of forces’ will tilt the table toward inevitable unification.” Romberg nevertheless argues, “Taiwan’s greatest strength against unwanted takeover is its political and economic vitality, not its military strength.” “But pressing on the issue of Taiwan’s ‘status’ is not the path to more meaningful democracy and security,” he adds, “it is a provocative course that increase the possibility the PRC will opt for nonpeaceful means.” Beijing deemed the proposed referendum “one more step in a consistent push toward ‘Taiwan independence,’ but one of special importance because it would be the first time the people of Taiwan would formally express themselves on a question related to Taiwan’s status, potentially establishing not only a political but a legal foundation for pressing ahead toward formal independence.” Although the United States should support democracy in Taiwan, Romberg suggests nevertheless, “democracy is not an excuse for irresponsibility, and all political leaders of Taiwan have a responsibility to look out for the security and well-being of the 23 million people they lead.”

As for some people’s arguments that “PRC bluster to scare Taiwan into abandoning—or rejecting—the referendum, and to pressure the United States into imposing ‘pragmatic’ limits on Taiwan’s democracy,” Romberg argues that Washington’s objections to the referendum does not spring from any PRC demands, rather, it is from its “own assessment of the dangers.” Part of that assessment is that if the PRC feels so provoked that it decides it must act, Romberg says, “the likelihood of things getting out of control are not insignificant.” “Beijing is clearly not spoiling for a fight, but if it concludes that Taiwan is irrevocably closing the door to unification, it will act – whatever the cost.” Admittedly, “the U.S. would regard the use of force by Beijing as unacceptable, but provoking it

¹⁹⁵Randall Schriver, “Taiwan needs ‘Six New Assurances,’” *Taipei Times*, August 22, 2007, www.taipetimes.com/News/editorials/articles/2007/08/22/2003375330.

would also lay responsibility for the results on Chen.” For Taiwan’s part, Romberg warns, “Should Taiwan’s inability to rein in its own worst instincts lead to war, the U.S. reaction cannot be predicted.”¹⁹⁶

At a conference held in Taipei in early December, Romberg expressed his concerns that “not everyone in Taipei understands that the U.S. objections to provocation are not merely a matter of rhetoric.” “American officials will obviously shy away from publicly drawing lines in the sand or spelling out potential consequences.” Now that Washington “has clearly identified as ‘unacceptable,’” then “the United States will not merely ‘accept’ actions from Taipei.” Not only does the United States have the right but the responsibility to tell people in Taiwan “when their actions could have consequences of which they need to be aware,” Romberg indicates, the United States also “has a responsibility to ... protect and promote American interests, including national security, and not to allow itself to be dragged needlessly into confrontation or war.” He also cautions Taiwan against its “efforts to gain ‘membership’ in organizations made up of states” because “whatever the feelings here, the international community is simply not going to support Taiwan’s endeavors in that direction.” Furthermore, “other countries will oppose such efforts, and eventually even their support for Taiwan’s ‘meaningful voice’ in such organizations could be affected.” Romberg asks whether people present at the conference were aware U.S. statement posted on the website of the U.S. Mission to the UN in September against Taiwan’s application. He regards U.S. low-key approach as inappropriate. In an attempt to deceive the Taiwanese people, Taipei “purposely glossed over the statement ... that the United States did not speak in the General Assembly.” He warns that in the future the United States would not adopt such an excessively low-key approach.¹⁹⁷

Another mainstream scholar at the conference is Richard Bush. Bush noted that Thomas Christensen’s viewpoints in his speech in September not only presented the Bush administration’s policy toward Taiwan, but also shared by many mainstream scholars. This speech was consistent with U.S. long-standing policy. “In the U.S. government view,” Bush says, “the UN referendum was not a mechanism to give voice the aspiration of *all* the people of Taiwan; it was a means to advance the political fortunes of the DPP.” He refutes some people’s points that the UN referendum is a reaction to the PRC’s squeezing Taiwan in the international community, and contends that Beijing’s squeezing “intensified significantly after 2002 when Beijing became more alarmed about the Chen administration’s intensions and its capacity to achieve them.” While some people in Taiwan hold the view that the initiatives of referendum are expressions of Taiwan identity and thus cannot be stopped, Bush argues that identity is a complicated issue and thereby people need to

¹⁹⁶Alan Romberg, “The U.S. ‘One China’ Policy: Time for a Change?” Pacific Forum CSIS, *PacNet*, No.45 (November 7, 2007).

¹⁹⁷Alan Romberg, “Future Cross-Strait Relations and a Possible Modus Vivendi,” paper presented at a Conference on Washington-Taipei-Beijing Relations: Variables and Prospects, Taipei, December 3, 2007, <http://www.stimson.org/summaries/future-cross-strait-relations-and-a-possible-modus-vivendi>.

consider how to measure it. “Although identity can shape policy, arguably it is not the only factor shaping policy.” Regarding some people’s argument that “the institutions of indirect, representative democracy distort the will of the people” and so “the institutions of direct democracy, like a referendum, are a better way to reflect the public will,” Bush answers, “the experience in the United States with direct democracy, particularly with referenda, shows that special interests can use them to distort the will of the people as well.” He thinks it necessary for people in Taiwan to consolidate their democracy so that it can reflect the public will.¹⁹⁸

When talking about the influence of the initiative of referendum pushed by Chen in an article in early 2008, Joseph Nye says, “[The] US does not have a national interest in helping Taiwan become a sovereign country with a seat at the UN, and efforts by some Taiwanese to do so present the greatest danger of a miscalculation that could create enmity between the US and China.”¹⁹⁹

Due to the DPP’s action against the trend of the times, the Legislative Yuan election on January 12, 2008 ended with its fiasco. The KMT won 81 of the 113 seats and received 51.2% of the party votes, and the DPP won 27 seats and 36.91% of the party votes. Besides, the referendum on anti-KMT party assets and anti-corruption were invalid with the voter turnout of 26.34% and 26.08%, respectively. The results of the election bode well for the presidential election and the prospect of the referendum on March 22. The electoral situation became more favorable to the KMT.

To support the DPP, the AEI and Armitage International issued a joint report co-authored by Dan Blumenthal and Randall Schriver entitled *Strengthening Freedom in Asia: A Twenty-First-Century Agenda for the U.S.-Taiwan Partnership*, on the eve of Taiwan’s presidential election. They held a ceremony to mark the first publication of the report in Taipei and were received by Chen Shui-bian. The report puts forward a wide variety of recommendations concerning many aspects in U.S. policy toward Taiwan, including enhancing security cooperation, strengthening Taiwan’s defense capability, upgrading mutual visit levels, signing FTA between the United States and Taiwan, and promoting Taiwan’s democracy. “Rather than treating it as a subset,” the report even contends, “U.S.-Taiwan relationship should have its own agenda.”²⁰⁰

Some conservatives from political and academic circles bore a grudge against the Bush administration’s opposition to Chen’s referendum initiative, leading to a weakening Chen and the DPP. John Tkacik complains loudly about Chen’s “unjust” treatments in an article published in July 2008. “It was Chen who did his

¹⁹⁸Richard Bush, “U.S.- Taiwan Relations: What’s the Problem?” September 15, 2007, [www.brookings.edu/speeches/2007/1203_taiwan_bush.aspx?emc+lm&m+210954\\$1+13&v+859973](http://www.brookings.edu/speeches/2007/1203_taiwan_bush.aspx?emc+lm&m+210954$1+13&v+859973).

¹⁹⁹Joseph Nye, “Taiwan and Fear in US-China Ties,” *Taipei Times*, January 14, 2008, <http://www.taipetimes.com/News/editorials/articles/2008/01/14/2003397224>.

²⁰⁰Dan Blumenthal, Randall Schriver, *Strengthening Freedom in Asia. A Twenty-First-Century Agenda for the U.S.- Taiwan Partnership* (A Joint Project of the American Enterprise Institute and Armitage International, March 2008).

utmost to maintain Taiwan's separate identity from China but, in so doing," he argues, "was seen by the White House as causing unnecessary frictions with Beijing at a time when the U.S. had its hands full internationally."²⁰¹ Tkacik is not wrong completely at this point. The eight years when George W. Bush was in office had witnessed great changes in his attitude toward Taiwan. Bush began to assume the presidency with a pledge that he would do "whatever it takes to help Taiwan defend herself," but ended with his harsh rebuke of Taipei's referendum on the UN issue.

2.5 Think Tanks and Peaceful Development of Cross-Taiwan Strait Relations

The cross-Strait relationship entered into a new phase in 2008. After its victory in the legislative elections in January, the KMT again won the presidential election by a landslide victory in March. The KMT nominee Ma Ying-jeou and Vincent Siew won 58.45% of the total votes while the DPP candidate Frank Hsieh and Su Tseng-chang won 41.55% only. The voter turnouts of the DPP-supported "referendum on joining the UN" and the KMT-supported "referendum on returning the UN" were 35.82% and 35.74%, respectively. This election was thought as a plebiscite on the ruling DPP by the Taiwanese people over the past eight years. It also illustrated that the roadmap advocated by the CPC and KMT toward peaceful development of cross-Strait relations had obtained support from the mainstream public opinion, foreboding the end of the "high-risk period" of the cross-Strait relations. Hu Jintao, General Secretary of the CPC, met with Vincent Siew at Boao Forum for Asia on April 12, Lien Chan on April 29, and Wu Po-hsiung on May 28, and expressed his hope to foster the peaceful development of cross-Strait relations on the basis of the "92 Consensus." On his inaugural speech on May 20, Ma Ying-jeou highlighted that people from both sides of the Taiwan Strait belong to the Chinese nation, unequivocally stated that he recognized the "92 Consensus," and would not seek to amend the Constitution. He upheld a position of "no unification, no independence and no use of force," and sought interest convergence of the two sides of the Strait. Cross-Strait relationship thus ushered its historic transition, moving toward the trajectory of peaceful development. The objective of realizing "peaceful development and jointly creating a win-win situation" co-sponsored by both sides had been highly appreciated by the international society.

The United States had been shocked by and suffered so much from Chen's unexpected moves. Washington tried to be impartial and neutral, having neither good nor bad opinions of either candidate in the 2008 elections. But American officers and scholars did hope that the situations across the Strait be more

²⁰¹John Tkacik, and Gary Schmitt, "Bush Administration Decision Weakens Taiwan's Position," July 21, 2008. Heritage Foundation, heritage.org/research/commentary/2008-7/bush-administration-decision...

predictable.²⁰² Ma Ying-jeou's overwhelming victory in the election had acquired "a lot of optimism and euphoria" in the United States.²⁰³ Of course, there were some people holding opposite viewpoints about Ma's election.

2.5.1 *Welcome Ma Ying-Jeou's Electoral Victory*

American think tanks paid close attention to elections in Taiwan. In an article entitled "Where Ma Won" published at the website of *The New York Times* at 8 am on March 22, Richard Bush analyzes the reasons for the failure of the DPP referendum. The first one was that the KMT call for boycott. The second is persistent U.S. opposition. The third reason is the perception of some voters that referendum is a "tactical device on the part of the DPP to mobilize turnout, not a serious exercise in public policy." Several hours later, Bush wrote another article for the website, on which he points out that Ma's clear margin of victory has suggested that "the public wasn't buying the DPP's claim that China's behavior in Tibet was significant for Taiwan." "If we step back and look at the big picture, Ma's victory creates a strategic opportunity to bring some stability and predictability to cross-Strait relations. Stability and predictability have been notably absent in the last 15 years, as leaders on each side of the Strait have feared that the other side is about to do something to challenge its fundamental interests." Now the two sides "can begin talking privately to increase mutual understanding and enhance cooperation." Four more hours later in his third article Bush calls the failure of the DPP "a bitter defeat," and suggests that the party "should engage in a period of more objective self-assessment to understand where it itself went wrong, both in terms of substance and process."²⁰⁴

Adam Segal in his article published at the website of *The New York Times* claims that "the most immediate effect of Ma's victory will be economic, felt on the Taiwanese stock market and in the value of the Taiwan dollar." There are many restrictions in Taiwan on investment in the Chinese mainland. "Any lifting of the restrictions on investment in mainland ventures" "will allow Taiwanese manufactures to exploit their technology and management know-how in China." Taiwanese banks will also benefit from this. "If direct flights are allowed, travel, tourism and real estate will certainly benefit," Segal adds. What's more, "the flow will not be one way; Chinese tourists visiting Taiwan could help revive the economy."²⁰⁵

²⁰²The author's interview with an officer in U.S. Embassy, March 2004.

²⁰³Carnegie Debate, "U. S. Policy toward Taiwan: Time for Change," March 26, 2008, p. 8, wedmaster@carnegoeendpw.emt.org.

²⁰⁴Richard Bush, "Where Ma Won," *New York Times* website, March 22, 2008, http://topics.blogs.nytimes.com/2008/03/22/21/?_r=0.

²⁰⁵Adam Segal, "The Economic Effect," *New York Times* website, March 22, 2008, <http://topics.blogs.nytimes.com/2008/03/22/the-economic-effect/>.

Shelly Rigger also published an article entitled “What Happens Next?” at the same website. “Having spent the last many months wondering and speculating about how the election would come out,” Rigger suggests that “it’s time to turn our prognostication efforts to a new question: What happens next?” She contends that “the election has given Ma a solid mandate—no need for a recount in this contest—and that he is not constrained by referenda.” Ma also has obtained the support to move forward on his agenda. Rigger points out two expectations of the Taiwanese people. The one terrifies people that Ma would “bring about unification with the mainland, even against the will of the people here.” Another one ignites many others’ hopes that Ma “can solve overnight the decades-long standoff in the Taiwan Strait.” Rigger thinks neither view is realistic. “Campaigning as a moderate,” Rigger expects Ma will turn out to be a moderate leader. Furthermore, Ma would be constrained by both institutions and public opinion.²⁰⁶

In an article written at 2 p.m. on the day of the election, Alan Romberg makes a suggestion that both sides should seize the opportunity and open a new era for cross-Strait relationship. When speaking about U.S. Taiwan policy, as Romberg states, “the United States must be willing to cooperate with better cross-Strait relations.” Some Americans might be concerned that “even though unification is not on the table, any substantial improvement of Taiwan-Mainland ties could be detrimental to U.S. strategic interests,” says Romberg. “Should such a view prevail, it would hamper, and perhaps scuttle, the opportunity that now exists for the first time in a decade or more to stabilize the situation across the Taiwan Strait and give a boost to Taiwan’s own well-being and security and to U.S.-Taiwan relations as well as to U.S.-PRC relations,” he emphasizes.²⁰⁷ Five more hours later, Romberg published another article entitled “Ma and the ‘*de Facto*’ Tightrope” at the same website. “One of the Times’ readers asked whether one should be concerned about Ma because he seemed so close to China,” writes Romberg. He answers the question by recollecting his experience with Ma, “I have never heard him utter a ‘pro-China’ comment in all that time.” Instead, “what he has done is to seek to reduce tensions and build bridges that will promote Taiwan’s well-being and protect its security.” In spite of that, there are still some people in Taiwan bear this concern. In this case, Ma should continue to reinforce his point that he “will not even discuss unification during his term of office, whether it is four or eight years.”²⁰⁸

Former AIT Director Douglas Paal published an article on the same day at the website of *The New York Times* too. Paal declares that China “has been presented with a strategic opportunity in Ma’s big victory.” Now Beijing “can reduce the chances for a crisis,” and “can improve the prospects for long-term stability by

²⁰⁶Shelly Rigger, “What Happens Next?” *New York Times* website, March 22, 2008, <http://topics.blogs.nytimes.com/2008/03/22/what-happens-next/>.

²⁰⁷Alan Romberg, “The Next Challenges,” *New York Times* website, March 22, 2008, <http://topics.blogs.nytimes.com/2008/03/22/the-next-challenges/>.

²⁰⁸Alan Romberg, “Ma and the ‘*de Facto*’ Tightrope,” *New York Times* website, March 22, 2008, <http://topics.blogs.nytimes.com/2008/03/22/ma-and-the-defacto-tightrope/>.

rewarding the Taiwan people with some accommodation of their goals.” Paal also provides some specific issues that China can begin with, such as allowing Taiwan’s observer status in the WHA, implementing a ceasefire in their campaign for diplomatic recognition from small states in the Pacific, Africa and Latin America. It is suggested that Beijing will not miss the “historic opportunity to transform this longstanding hot spot into a source of stability and growth on mutually acceptable terms.”²⁰⁹

Admittedly, not all think-tank scholars welcomed the electoral outcome. Some of them held a grudge against the Bush administration’s rebuke of the referendum campaign forged by Chen Shui-bian. In November 2008, more than half a year after the presidential election in Taiwan, the website of the Center for Naval Analyses (CNA) was still aggrieved at the DPP’s failure when summarizing Richard Bush’s speech at an academic seminar. It argues that the referendum the DPP proposed to hold was not likely to bring about any effect, nor would it be passed. But dozens of officials, including Secretary of State Condoleezza Rice, from the Bush administration jumped out to criticize the DPP. They were serving Chinese interests on this issue. The KMT, however, boycotted the arms purchase in the Legislative Yuan. U.S. arms sales to Taiwan meant several billion U.S. dollars for American companies and employees. Most importantly, these weapons were what Taiwan needed most. Had Secretary of State Rice ever blamed the KMT for its actions? American officials were rebuking the DPP-supported referendum but they never spent even one minute openly criticizing the KMT. How ridiculous it was!²¹⁰

John Tkacik, however, highlights on March 24 in an article that Ma’s election is the victory of Taiwan’s democracy. He suggests the administration and Congress to take measures immediately so as to enhance U.S.-Taiwan relations. Measures include opening U.S.-Taiwan negotiations on the FTA, offering Taiwan visa waiver privileges, selling advanced weapons including F-16C/D fighter, and having “structured strategic dialogue between command military and Cabinet-level officials from the U.S. and Taiwan.” These measures, as Tkacik says, are essential for the United States in case the democratic Taiwan would feel disappointed about Washington and switch to develop closer ties with the Chinese mainland. In order to “reassure democratic Taiwan that it still has alternatives to a closer relationship with authoritarian China,” Tkacik even asks the Bush administration to invite Ma and Siew to Washington before their inauguration on May 20. Their visit to Washington “would be a message to Taiwan that the United States continues to value Taiwan’s partnership and respect its democracy.” “Washington must not abandon Ma Ying-jeou and Vincent Siew to China’s gentle graces.” “Nor must Taiwan’s citizens be felt to believe they have no choice but China.” Lastly, Tkacik argues, “[How] Washington treats Taiwan, a long-time friend, will signal to the rest of Asia how Washington sees its role in the Asia-Pacific region.” The article

²⁰⁹Douglas Paal, “An Opportunity for Beijing,” *New York Times* website, March 22, 2008, <http://topics.blogs.nytimes.com/2008/03/22/an-opportunity-for-beijing/>.

²¹⁰Michaelturton.blogspot.com/.../can_carried-account_of_richard-bush.html.

concludes by claiming, “reassuring Taiwan of America’s continued friendship will reassure America’s democratic partners in the region that Washington actually places some value on a country that President Bush calls ‘a beacon of democracy to Asia.’”²¹¹

2.5.2 *Carnegie Debates*

On March 26, 4 days after the presidential election in Taiwan, the Carnegie invited some prestigious scholars of think tanks to discuss about U.S. Taiwan policy. Michael Swaine chaired the debate. Main speakers included Peter Brookes (senior researcher of the Heritage Foundation, Commissioner of U.S.-China Economic and Security Review Committee, and the Deputy Assistant Secretary of Defense for Asian and Pacific Affairs for the George W. Bush administration), Douglas Paal, Alan Romberg, and Randall Schriver. Prior to their service in think tanks, the four scholars all worked at the government. The issues that they debated can be generalized as follows.

2.5.2.1 **Is the Situation of Taiwan Strait Stable? Is Ma’s Victory in the Election Favorable to the Stability of the Strait?**

Alan Romberg and Douglas Paal maintain that the cross-Strait situation is stable, and Ma’s election as president will be beneficial to stable cross-Strait relations. As Romberg notes, “the Taiwan issue has been ... the only issue in the world on which one could find eventual great-power conflict.” “It is at heart a political issue and so military action won’t resolve it.” Ma Ying-jeou is “a man who is committed fundamentally to moderation,” and his overwhelming victory bodes “a more stable and sustainable situation across the strait.” Romberg thinks that the Ma administration “will develop in ways which will alter the political framework, make it much more sustainable.” “The tendency or the temptation to try to use other means over time to resolve this issue will fade even from where they are now,” Romberg adds. It is the same for the mainland, which repeats that it would seize the strategic opportunity. Both Romberg and Paal argue that the Chinese mainland “changed its focus in 2003, 2004 and has maintained it, and ... will continue to maintain it, from pushing unification to blocking independence, and it’s codified in the anti-secession law.” It is hard for the mainland to abandon this position “so as long as the door is left open to some other kind of One-China solution,” or it would risk a war with America and this is “not a war the PLA wants to fight” or “the PRC leadership wants to fight.”

²¹¹John Tkacik, “Taiwan’s Elections: Sea Change in the Strait,” *WebMemo*, No. 1865 (Heritage Foundation. March 24, 2008).

Brookes thinks “there are several trends that are unfolding simultaneously that if not arrested or reversed will ultimately lead to great difficulty.” The cross-Strait situation is unstable, but “it is manageable.” Brookes emphasizes the mainland’s militarization and suggests that the military balance between the two sides of the Strait “swung towards Beijing perhaps irrevocably several years ago.” Taiwan should, therefore, “be convinced of the military threat it faces from the growing might of the People’s Liberation Army.” To stabilize the situation across the Strait, it is necessary for China to “demilitarize the environment.” It is nonetheless “extremely difficult” for China to do so. Under these circumstances, Brookes considers it as “an appropriate policy” for America to deter “Chinese military moves against Taiwan through arms sales and American military readiness.” Only in this way can Beijing “have no illusions with regard to America’s commitment to Taiwan security.” It is important for Washington to make public statements, which will “hopefully add to the stability across the Taiwan Strait, advancing the best interests of the United States in the Asia-Pacific region.” What really Brookes suggests is that after Ma takes office America should not loose its grip over Taiwan but to strengthen its interventions in the cross-Strait relations principally through arms sales. This would obviously lead to continuous turbulence and instability instead of peace over the Strait.

2.5.2.2 What Does Ma’s Victory Mean? What Has Changed and What Has not Changed?

Randall Schriver contends that the primary reason Ma won the election is that Ma convinced the Taiwanese people that a better cross-Strait relationship would lead to more economic growth and he could make the worse economy better. Another reason is people’s “fatigue with the Chen administration and the DPP” and fatigue fueled by the DPP’s corruption. That’s to say, Ma’s victory was not because of “an outright endorsement necessarily of the Guo Ming Dang agenda and calling for an entirely different approach to cross-strait relations or relations with the United States.”

Paal shows his disagreement with Schriver by applying his own working experience as former AIT Director in Taipei during the Chen administration. If one looks at the polling data in late 2004, one can find that “the public really reversed its support for the DPP and turned toward the KMT.” Realizing the economic benefits the one-China policy brought, the Taiwanese people showed their discontent with the independence agenda the Chen administration stridently promoted. If talking to business people from Taiwan, one would probably be told that the policy of the Chen administration “was now hurting their business.” Paal contends that this is the reason why “the election went the way it did.” It will further motivate Ma “very strongly to get going with cross-strait flights on a more regular basis ... to get rid of the 40-percet capital transfer limitation,” and etc.

Paal also points out that “the result of the election was quite substantial.” “A 58-to-42 split and ... that evenly split(s) electorates are very different”. Ma’s

popular vote result both in the presidential and Legislative Yuan election indicates Ma's strong mandate, which was supposed to give birth to some changes on the island. When Chen Shui-bian was in office, the administration had never controlled the legislature. But now the political gridlock is gone in the Ma administration. Besides, the Chinese mainland will change its policy toward Taiwan, and thus there will be more chances to create more international space for Taiwan. The first opportunity is that the mainland might allow Taiwan to participate in the WHA. In regard to factors that remain unchanged, Paal claims that Ma's attitude toward the cross-strait relations will not change, and Ma is not a man who is pro-China but patriotically pro-Taiwan. The China mainland's military modernization is not going to change. The final unchanged factor is the TRA, but "the process of selling arms to Taiwan by the United States ... and military-to-military cooperation and consultation will be complicated as the political side has to be recalibrated."

Schrifer argues that it is now important how China and the United States may respond. China's military modernization is of great concern to Taiwan, says Schrifer, and "Taiwan's military modernization efforts to date have been insufficient to meet the growing threat." Besides, hard-liners' increasing voice in the decision-making system has changed their otherwise modest role and some people now doubt whether the CPC still commands the PLA. As for Taiwan, "some of the characteristics of Taiwan's domestic politics I think are fundamentally changed about identity" and about "how Taiwan perceives itself in relation to the PRC." There are something that the United States should do right away. Schrifer argues that "Ma Ying-jeou should come to the United States before he is inaugurated." He would really like to see that (1) "the F-16 s released in a very short order," (2) "an agreement to craft a bilateral agenda with Taiwan that is much more robust than we currently have," and (3) Washington commitments to "sending a very senior and appropriate representative to the inauguration." In a word, Schrifer advocates vigorously promoting U.S.-Taiwan relations in all respects. At other times, he even maintains that the United States should break the chains of the one-China framework. His position reflects the views of extreme conservative political forces, including viewpoints held by some Congressional members.

2.5.2.3 What Does Ma's Victory Mean to U.S. Taiwan Policy? What Are U.S. Interests in Taiwan?

The moderator Michael Swaine turns to a very strong perception on the part of people both in the mainland and in Taiwan: the United States maintains "a kind of tense separation between China and Taiwan" by preventing unification and preventing independence, "keeping the situation at a low boil" that, "diverts Chinese attention and resources, and provides some strategic leverage to the United States." He then asks the four participants to address this perception.

Brookes believes that "keeping things at a low boil" in the Taiwan situation might be "spinning out of control" and so it is dangerous to follow such a policy.

Randall Schriver claims that anyone who once worked at the State Department or the Defense Department knows that the United States could actually manage a low-boil policy “with that much deftness and skill.” He then makes it clear that it is not in “U.S. interest for Taiwan to reunify ... with the PRC as long as the PRC remains an authoritarian government.” Put differently, “the preservation of Taiwan’s democracy, its room for maneuver, is very important here and in our interest.” “If a settlement was arrived at peacefully and with the support of the people of Taiwan, I don’t think we should stand in their way.” Were Washington to stop this settlement, disastrous outcome would ensue.

Schrive underscores the importance of Taiwan to the United States, “people almost exclusively talk about our interests in the cross-strait environment” while neglecting “that we also have a substantial set of interests in our relationship with Taiwan.” “More investment in that relationship could bring greater payoff.” Given more opportunities to it, he argues, “Taiwan is poised to do a great deal of more in the region and internationally.” Brookes shares Schriver’s point on Taiwan’s importance to the United States. He agrees to keep robust ties with Taiwan because Taiwan is “an important player in the region” and “an important player in American policy and the Asia-Pacific region.” He thinks “having those ties are critically important.”

Alan Romberg argues that U.S. policy is not “keeping things on a boil,” as it “would risk spinning out of control.” To avoid the waste of the opportunity available now, Romberg suggests the United States to “bring things down to a manageable, positive relationship for a very long time to come.” He further notes that “we’re at a turning point” and “it’s important to take advantage of it.”

In addition, Romberg does not agree with their counterparts’ points on U.S. interests in Taiwan. Instead he contends that U.S. interests lie in avoiding war, supporting Taiwan’s democracy, and maintaining U.S. credibility. While “we don’t have a defense commitment to Taiwan,” “we have commitments to provide defensive military equipment,” and “we have a grave concern if things were to be — if there’d be coercion of any sort and so on, but we don’t have a formal commitment.” To maintain the stability of Taiwan Strait is a very important stake for Washington.

Romberg thinks unification is “not on the table,” and people “don’t need to worry about it.” The improvement of the cross-strait relationship is consistent with U.S. national interests. People need to remember that peace and stability across the Strait is not only the goal that Americans seek, but also the goal of the mainland and Taiwan. The United States does not support independence or unification. Washington does not oppose but “support closer cross-strait relations,” because it is in the U.S. interest. It could thus allow the people of Taiwan “live in safety, promote their democracy and economy, and it does serve American vital interests.”

Romberg makes his own point on U.S. strategic interest in Taiwan. On the issue of “whether or not the United States wants to keep Taiwan separate for its strategic purposes,” he thinks that it is “widely claimed but ill understood.” “If we had Taiwan to arm to the teeth for our own purposes we would get no net advantage.” Romberg calls Taiwan “as vulnerable as it is an opportunity.” “If China had the

island and were to arm it to the teeth for its own purposes, it really wouldn't change things very much in the Western Pacific." "In terms of pre-positioning," Romberg argues, "it's just a distance of 90 miles or so," "and would introduce vulnerabilities to the PLA if they were there." Anyway, "getting involved in a continental struggle on the Asian mainland is not in the U.S. interest." On the other hand, he says, "our interests are highly interwoven with the maritime world of East Asia and we have very strong interest in maintaining that maritime posture." Taiwan is "the one piece of territory" of the mainland. By "recognizing the PRC, protecting American continued unofficial interests with Taiwan," "we've managed to diffuse the one place that brings the continental and maritime powers into conflict." "That was a huge benefit," as Romberg calls it.

Douglas Paal believes that "unification's not on the table and I don't think it's going to be on the table for a very long time." Thereby, there is no issue that really concerns the United States.

2.5.2.4 Is the Essential Framework of the Current U.S. Taiwan Policy Acceptable? Does It Need to Be Changed? and How to Change It?

Randall Schriver has been advocating improving U.S.-Taiwan ties, and proposes several ways to achieve that. First, now there are too many limits to reinforce Taiwan-U.S. relations. "We're to blame for that; that's not Taiwan's fault." Second, "we have to totally disabuse Beijing of the notion that we can deliver Taiwan for them, or that we are somehow drifting into a de facto co-management environment." Schriver objects the rhetoric of "co-management." Third, he suggests that U.S.-Taiwan defense relationship could be strengthened, and it "can be done quietly and primarily outside the public eye." The United States should encourage Taiwan to strengthen its deterrence. Fourth, he does not like the word of "*status quo*." He does not use it because different people have different definitions. In some degree, this term has become some sort of "an albatross than a helpful thing." Schriver also reassesses the referendum that the Chen administration had, and argues that equating holding a referendum with military coercion is fundamentally wrong. Holding a referendum is an essentially democratic move. He recommends that people "should be more focused on actions on both parties that don't contribute to stability." He lastly expresses his concerns that U.S. criticism of the referendum is actually in "a trap" that the PRC set.

Alan Romberg disagrees with most of opinions Schriver holds. Romberg thinks that U.S. policy toward Taiwan should make some adjustments, but in general it is acceptable. The U.S.-Taiwan ties should not be static but "need to be very careful." He agrees that stronger U.S.-Taiwan relations are needed and this is possible under the Ma administration. Authoritative communication is needed, but not through what Schriver suggests "cabinet-level coordination," which is not permitted by the "whole issue of what normalization was about." There will not be any significant alternation in regulations of official visits between Taipei and Washington. Since

military coordination between Taiwan and the United States is particularly sensitive, the United States thus should not “leave the suggestion that we’re restoring an alliance.”

Romberg thinks the U.S. opposition of the DPP’s UN referendum “was not because Beijing came to Washington and said do that,” but because “the U.S. government came to an assessment of its own.” Romberg, too, does not endorse the term of “co-management,” adding that Washington is “not interested in co-managing the Taiwan issue with the mainland.” However, the two parties “have had a shared concern over the recent period about what was coming out of Taiwan.” “Some in Beijing characterized this as cooperation, co-management, collaboration; I would reject all of those terms,” says Romberg. But Romberg does not think of this as an issue; an issue people should take seriously is that Washington should encourage the two sides of the Strait to move ahead in the way that consistent with the interest of the mainland, Taiwan and the United States.

Given the reality that people have their own definitions of the *status quo* on the issue of Taiwan, Romberg argues, “neither side should seek unilaterally to impose its own definition of the *status quo* on the other side.” But the shared definition underlying that is “don’t rock the boat.” This is precisely why the United States opposed Taiwan’s referendum on the UN.

Douglas Paal remarks that “there’s a lot of room for growth in the Taiwan, U.S., and multilateral agendas,” but an important principle underlying that is “no surprises.” It means that when there is anything new happening, one should make sure not to “get the counterproductive effects of surprises.” It should be conducive to peace and stability in the Strait, and this is the most important.²¹²

Some American mainstream scholars voiced their expectations of Ma Ying-jeou before his inauguration on May 20. In an article published at the website of the Brookings on May 8, Richard Bush contends that Ma’s victory “creates a strategic opportunity to transform relations” across the Strait, and the relations “have been severely strained for over a decade.” Ma’s victory, as Bush puts it, “creates a strategic opportunity to bring some stability and predictability to cross-Strait relations and so reverse the insecurity spiral that has prevailed since the mid-1990s.” “Over time, such a transformation will yield a significant payoff in a reduction of mutual fear and suspicion.” There are certainly some “obstacles to realizing this opportunity” and the “most notably the sovereignty issue, the legal character of the Taiwan government.” Obstacles as such, however, “can and should be addressed.” Hu Jintao and Lien Chan reached an understanding in April 2005. Bush claims that Washington “will welcome such an evolution since Washington has had to work to prevent the eruption of conflict between the two sides, through accident or miscalculation.” “If China and Taiwan are taking more responsibility for the security of the Taiwan Strait,” says Bush, “the United States will not have to do so as

²¹²Carnegie Endowment for International Peace, *U.S. policy toward Taiwan: Time for Change* (Transcript by Federal News Service, Washington, D.C.), March 26, 2008, webmaster@carnegeiendowment.org.

much.”²¹³ When joining the International Affairs Forum on May 13, Bush points out that the mainland has “put forward a number of ideas for greater cooperation and stabilizing the situation in the Taiwan Strait.” Policy-makers of the mainland “will want to be certain that Ma’s long term intensions are compatible with their own.” “And actually it’s already begun a process of mutual reassurance that can pave the way for a stabilization of cross-straits relations,” says Bush. Lack of mutual trust and “some substantive issues” could “undermine this positive process.”²¹⁴

On May 12, the Carnegie hosted an event entitled “Taiwan’s New Ma Administration: A Look Ahead.” Bonnie Glaser and Michael Swaine participated in the discussion moderated by Douglas Paal, director of Carnegie’s China program. As Glaser indicates, “improving relations with the central government in Beijing is clearly on top of Ma’s agenda, as he has absolutely no intension to continue the confrontational approach adopted by the current administration under Chen Shui Bian.” She also points out that Ma “is determined to end the cross-strait hostility by promoting closer ties and other forms of interaction between both sides,” and “dedicated to preserving Taiwan’s sovereignty and securing more international space from Beijing through negotiation.” However, Ma is “extremely vulnerable to political oppositions from DPP” during his first term, Glaser adds. “Reciprocal actions from Beijing will reinforce Ma’s authority.” Swain analyzes the defense policy of the two sides across the Strait, indicating that both sides “have major differences over the implication of Taiwan military forces’ capability in promoting cross-strait talks.” “Beijing fears that improving the capability of Taiwan’s military would create more incentives for it to seek *de jure* independence,” while “Taiwan and the U.S. think the exact opposite.” Swaine nevertheless argues that acquiring F-16s in the near term would be “unnecessary for Taiwan and needlessly provocative towards Beijing.” At the end of the event, Paal concludes that “Ma is a man of strong principle” with his belief in pragmatism, making him “a competent leader to manage cross-strait stability” and improve Taiwan’s economic performance.”²¹⁵

2.5.3 *Developments in the Cross-Strait Relations*

On June 11, 2008, a delegation led by SEF Chairman Chiang Pin-kung visited Beijing, and held meetings with his mainland counterpart ARATS Chairman Chen Yunlin. Chen and Chiang signed agreements concerning charter flights and

²¹³Richard Bush, “Implication of the 2008 Taiwan Presidential Election for Cross-Strait Relations,” http://www.brookings.edu/opinions/2008/05_taiwan_bush.aspx.

²¹⁴Richard Bush, “China, Taiwan and U.S. Policy in Northeast Asia,” http://www.brookings.edu/interviews/2008/0513_asia_bush.aspx.

²¹⁵Bonnie Glaser, Michal Swaine, and Douglas Paal, “Taiwan’s New Ma Administration: A Look Ahead,” May 12, 2008, www.carnegieendowment.org/events/fa=events.

Mainland tourists as well as resuming the SEF-ARATS dialogue which had already been halted for nearly ten years. Most of U.S. scholars from the mainstream school welcomed the momentum of peaceful development across the Taiwan Strait. In an article published on June 23, Richard Bush says that events so far have proven the optimists to be correct in terms of the cross-Strait relations. In the interest of stabilizing the cross-Strait relations, the first element that Bush suggests is that “each side’s declaratory reassurance that it does not intend to challenge the fundamental interests of the other” will be necessary. Over a long term in the past, either side of the Strait has been becoming more concerned that another side threatens its basic interests. The second one is that the “balance of rewards must be equitable.” And the third element is to seek consensus inside the mainland and inside Taiwan.²¹⁶

A delegation of CSIS visited Taiwan from August 24 to 28, 2009, and had meetings with leaders of Taipei and scholars in think tanks based both on Taiwan and the mainland. A report entitled *Building Trust Across the Taiwan Strait. A Role for Military Confidence-building Measures* was accomplished based on the delegation’s visit. According to the report, “each looks at CBMs in a different light.” “From Beijing’s perspective, building political trust appears to be the primary objective, while for Taipei, the emphasis is on creating a more predictable security environment while avoiding accidents and incidents.” “More importantly, for Taiwan, CBMs should aid in preserving the *status quo*, whereas the mainland hopes that CBMs will promote reunification.” As for U.S. role in the cross-Strait relations, “the mainland hopes that the United States will encourage Taiwan to negotiate cross-strait CBMs but will not get involved in those discussions. Many in Taiwan favor a bigger role for the United States, perhaps as guarantor of an agreement.” As Bonnie Glaser, the author of the report reveals, despite the fact that there are some challenges, “there is great potential for implementing military CBMs between the two sides of the strait.” She thinks “the mainland needs to be patient and focus efforts on creating conditions that are conducive to beginning talks with Taiwan on military CBMs,” including taking unilateral measures with greater transparency to show its goodwill. Taiwan is recommended to enhance “the ability of its domestic leadership to bridge the political divide while also taking into account China’s interests and sensitivities.” For the United States, it “should continue to express its firm support for the ongoing process of easing cross-strait tensions and trust building.” It should not pressure Taiwan to “begin negotiations if it deemed such talks to be premature.” Instead both sides are encouraged to “consider such steps at the appropriate time and in a mutually agreed manner.” “The United States should take visible steps in the economic, political, and security fields to bolster Taiwan’s sense of security and confidence in the U.S.-Taiwan relationship.” “Close security ties with Taiwan should be sustained in accordance with the terms of the Taiwan

²¹⁶Richard Bush, “The Balancing Act Across the Taiwan Strait: Reflections on the First Chiang-Chen Meeting,” *Taipei Times*, June 19, 2008, <http://iir.nccu.edu.tw/attachments/news/modify/Kan.pdf>.

Relations Act.” Furthermore, “specific decisions on U.S. arms sales, military cooperation with Taiwan, and U.S. force deployments should be made in the context of U.S. interests in securing long-term peace and stability in the Taiwan Strait.”²¹⁷

It actually remains divided in the United States on whether the two sides of the Strait could and should embark on negotiations over military CBMs. Some scholars point out that when it comes to military CBMs, the DPP would accuse the Ma administration of holding discussions on political and military issues with the mainland. So it is better not to mention the term of “military confidence-building.” In the process of exchanges between the sides of the Strait, however, the issue is not only an economic one. Jointly combating crimes and carrying out maritime rescue and the like by the two sides, for example, are beyond the traditionally economic issues. Therefore, negotiations about military CBMs are suggested not to proceed with until exchanges across the Strait are further developed.²¹⁸

On June 29, 2010, the SEF and the ARATS held the fifth Chen-Chiang Meeting in Chongqing City, and signed the Economic Cooperation Framework Agreement (ECFA), indicating that the cross-Strait economic cooperation enters into a new era of institutional cooperation. The agreement also stands out as one of the most notable landmarks in the progress of the cross-Strait relations. Mainstream scholars in the United States welcome the agreement. On May 31, before the agreement was signed, Richard Bush, at a discussion on the cross-Strait relations held in Stanford University, claims that the ECFA could facilitate Taiwan’s incorporation into economic integration in Asia and also prevent Taiwan from being marginalized in the region, and could thereby be conducive to maintaining the developing momentum of Taiwan. Since the mainland has already established the Free Trade Area (FTA) with the Association of Southeast Asian Nations (ASEAN), Taiwan would be more subject to marginalization should Taiwan not sign any free trade agreement with major trading partners.²¹⁹ When commenting on the ECFA on June 30, Alan Romberg makes a point that the results of the agreement would be contingent on how the reciprocally economic relations and persistent relations of the two sides evolve. The DPP raised a wide variety of objections, for instance, that ECFA would only benefit quite a small portion of large enterprises, that the agreement would create a “one China” market, and that it would further undermine the sovereignty of Taiwan. Romberg points out that these disagreements are political rhetoric and are seldom analyzed from an economic aspect. But how the administration helps the enterprises suffering losses would be a problem that

²¹⁷Center for Strategic and International Studies, *Building Trust Across the Taiwan Strait. A Role for Military Confidence-building Measures* (A Report for the CSIS Freeman Chair in China Studies). January 2010.

²¹⁸The author’s interview with Barbara Schrage, Managing Director of American Institute in Taiwan in Washington, January 27, 2010.

²¹⁹“ECFA could Help Taiwan to Ink Regional Trade Deal: US scholar,” www.taiwannews.com.tw/news_content.php.

requires more attention.²²⁰ In brief, it is difficult for American scholars who always deliberately strike up a discordant tune to raise any direct objection to the economic cooperation between the Strait, including the ECFA.

2.6 Debates Among Think Tanks on U.S. Taiwan Policy in Recent Years

With China's rapid rise and fast development of China-U.S. relations in recent years, Beijing and Washington's mutual interests deepen increasingly. Some distinguished persons and scholars have begun to rethink the Taiwan issue, sparking a new debate on U.S. Taiwan policy.

An influential figure that raised the question much earlier is Bill Owens, a retired Admiral in U.S. Navy and the former Vice Chairman of the Joint Chiefs of Staff. In an article in November 2009, Owens writes that the world changes rapidly, and China's growth is four to five times faster than that of America and there will be two big equally-matched powers within less than thirty years. He suggests that Washington "need to make a frank and pragmatic assessment" of U.S.-China relations. "The solution is to approach the US-China relationship not with hedging, competition or watchfulness, but with co-operation, openness and trust," and thus "America must start treating China as a friend." The TRA is the basis to sell arms to Taiwan, but this act "is not in our best interest." "A thoughtful review of this outdated legislation is warranted and would be viewed by China as a genuine attempt to set a new course" for China-U.S. relations. Besides, Owens puts forward some concrete suggestions to enhance US-China relationship including military exchanges.²²¹

Americans might not notice Admiral Owens' article because it was published at British newspaper. Another two articles published at the U.S. authoritative magazine *Foreign Affairs* in 2010 and 2011, comparatively, drew much more attention.

At the first issue of *Foreign Affairs* in 2010, Bruce Gilley, associate professor at Portland State University, published his article "Not So Dire Straits: How the Finlandization of Taiwan Benefits U.S. Security." In the article, Gilley reviews security interests for all parties involved because of Finland's policy of neutrality on U.S.-Soviet relations during the Cold War. It is noted that, as Gilley observes, "Taiwan shares many of the key features that characterized Finland in the late 1940s," and both of them are geographically close to rival powers. He then analyzes the importance of the Finlandization of Taiwan to U.S. security interests. First, Taiwan issue remains the most explosive issue for Beijing and Washington,

²²⁰Alan Romberg Comments on ECFA, the Cross-Strait Economic Agreement," June 30, 2010, http://fucustaiwan.tw/ShowNews/WebNew_Detail.aspx?Type=201006300024 .

²²¹Bill Owens, "America Must Start Treating China as a Friend," *Financial Times*, November 17, 2009, <http://www.ft.com/cms/s/0/69241506-d3b2-11de-8caf-00144feabdc0.html#ixzz1glpXTEWk>.

Taiwan's Finlandization could cut off the blasting fuse and consequently "mollify Beijing's fears about the island's becoming an obstacle to China's military and commercial ambitions in the region." Second, Taiwan has been serving U.S. strategic interests since 1949. "The tragic result of this policy, however, has been that it has played into Beijing's fears of encirclement and naval inferiority, which in turn has prompted China's own military buildup." "Finlandization will allow Taiwan to break this cycle by taking itself out of the game and moderating the security dilemma that haunts the Washington-Beijing relationship." Third, concerns in Washington have grown increasingly in recent years, doubting whether Taiwan is becoming American strategic burden. Taiwan's Finlandization, in this case, could remove people's concerns and worries. Fourth, "even from a strictly realist perspective, there is no need for the United States to keep Taiwan within its strategic orbit, given that U.S. military security can be attained through other Asian bases and operations." To sum up, this policy shift "serves its own long-term strategic aims in Asia and globally." When talking about the possibilities of the Finlandization of Taiwan, Gilley argues that the Chinese mainland is seeking for peaceful development with Taiwan, and there already developed an inclination in Taiwan to seek security through integration rather than confrontation. Therefore, Taiwan's Finlandization is realistically possible.²²²

This article has drawn responses from a wide variety of scholars. Another two articles conveying different viewpoints are published at *Foreign Affairs'* May/June issues of the same year. Vance Chang, Director of the Information Division at the Taipei Economic and Cultural Representative Office in Washington, D. C., rejects the theory of Finlandization by emphasizing that "relations between Taiwan and mainland China ... have represented the exact opposite of the Finlandization model" since 1949. "Taiwan's strong security partnership with the United States provides a foundation of support" for various achievements that Taiwan has made, including the supportive foundation for economic cooperation with the mainland. Taiwan should not weaken its relationship with the United States. Hans Mouritzen, a Danish scholar specializing on studies on Finlandization, too, disagrees with Bruce Gilley's model of Taiwan's Finlandization. His main argument is that "unilateral dependency is not a desirable project for any small power... no small power today will voluntarily discard a reasonable alliance option and limit its room to maneuver in the way Finlandization requires."²²³

More people vocalized diverse views on U.S. Taiwan policy in 2011. The bimonthly *Foreign Affairs* at its 2nd issue in 2011 publishes an article titled "Will China's Rise Lead to War?" by Charles Glaser, professor of political science and International Relations at the George Washington University. Glaser points out in his article, "the rise of China will likely be the most important international relations

²²²Bruce Gilley, "Not So Dire Straits. How the Finlandization of Taiwan Benefits U.S. Security," *Foreign Affairs*, Vol. 89, No.1 (January/February 2010), pp. 48–50.

²²³Vance Chang, "Taipei Is Not Helsinki;" Hans Mouritzen, "The Difficult Art of Finlandization," *Foreign Affairs*, Vol. 89, No. 3 (May/June 2010), pp. 128–131.

story of the twenty-first century, but it remains unclear whether that story will have a happy ending.” The academia of international relations therefore has always been debating over China’s rise and China-U.S. conflicts. According to Glaser, China’s rise will not lead to war with the United States, and “the solution to the puzzle lies in the concept of the security dilemma – a situation in which one state’s efforts to increase its own security reduce the security of others.” He thinks that U.S. military superiority, particularly its nuclear advantage, and “separation by the Pacific Ocean,” as well as “political relations that are currently relatively good” should enable China and the United States to “maintain high levels of security and avoid military policies that severely strain their relationship.” “Because China places such high value on Taiwan and because the United States and China ... have such different attitude regarding the legitimacy of the *status quo*, the issue poses special dangers and challenges for the U.S.-China relationship,” he adds. “A crisis over Taiwan could fairly easily escalate to nuclear war,” Glaser says. “Given the different interests and perceptions of the various parties and the limited control Washington has over Taipei’s behavior, a crisis could unfold in which the United States found itself following events rather than leading them.” Therefore, the United States should consider backing away from its commitment to Taiwan, which “would remove the most obvious and contentious flash point between the United States and China and smooth the way for better relations between them in the decades to come.” Admittedly, it remains a “complex issue” for the United States whether and how to reduce its commitment to Taiwan. As Glaser suggests, “a gradual easing of its commitment is likely best, as opposed to a sharp, highly advertised break.” As cross-Strait relations have improved over the past several years, “Washington will likely have both the time and the room to evaluate and adjust its policy.”²²⁴

Charles Glaser’s article received a large amount of reaction. On March 2, *Foreign Policy* published an article by Denial Blumenthal. According to Blumenthal, first of all, “the administration initially viewed the biggest obstacle to Sino-U.S. stability as Washington’s misreading of Chinese intentions,” so that it called its new policy “strategic reassurance.” Second, except for “the sale of half an arms package left over from the Bush years,” the Obama administration has done nothing else and “has basically abandoned its commitment to Taiwan.” Third, “Taipei has followed a policy of reconciliation and removed any conceivable ‘threat’ of independence.” Furthermore, China-U.S. relations have rarely been worse. Yet despite stability in the strait and a relative decline of U.S. military power in the Pacific, Chinese military advances continue apace. Eventually, the administration had to “resist China’s aggressive moves” and “the rest of Asia is arming itself to the teeth to guard against the dual danger of China’s rise and a weakening of the U.S. commitment to Asia.”

²²⁴Charles Glaser, “Will China’s Rise Lead to War?” *Foreign Affairs*, Vol. 90, Issue 2 (Mar/Apr 2011).

For Blumenthal, Taiwan is a significant part of Asia's democratic peace and critical part of Asia's economic boom and political transitions. "Every time we try and abandon it — in the 50s, in the 70s, in the 90s — we find it too important to be left to China's tender mercies." He thinks "any change to Taiwan's de facto independent status would be highly destabilizing." First, a large majority of Taiwanese does not want to change the *status quo*. Second, "if Taiwan were to fall into China's hands, China could militarize it in such a way as to remove any strategic depth from Japan, to control the South China Sea, and to push farther forward into the Pacific." And "for the first time since Pear Harbor, we face threats to our command of the Pacific Ocean." Beijing and Washington "would then find many new reasons for conflict." Third, alternating the current policy would likely arouse a debate through which all frustrations the American public and their representatives felt toward China would find expressions. "Congress would start to focus on all the dangers that China poses and consequently lead to the deterioration of China-U.S. relations."²²⁵

On March 7, an article by Rupert Hammond-Chambers, President of the U.S.-Taiwan Business Council, appeared at the website of *The Wall Street Journal*. He argues, "The notion that China would become more pliant to U.S. concerns and demands or that war would be less likely should we step aside and allow China to annex Taiwan does not hold water." Taiwan is an essential link in the "first island chain" and the loss of it "would result in "a recalibration of Japan and Korea's security posture including the possibility of Japan developing nuclear weapons" and "would also open the western Pacific to China's increasingly robust blue-water navy." As a consequence, Hammond-Chambers argues that China becoming more active on the issue of Taiwan in front of a "passive America" is "deeply troubling."²²⁶

On March 8, an article "Why Taiwan Matters" written by AEI senior research associate Michael Mazza appeared at its website. Mazza highlights Taiwan's strategic salience to America, contending that "an annexed Taiwan" will almost certainly become "a militarized Taiwan" and China would obtain threefold of benefits from this. First, in the event of conflict in East Asia, the "unsinkable aircraft carrier" will provide the Chinese mainland with "strategic depth that it currently lacks." Second, it will allow China to easily "threaten Japan's southern flank." Third, it will enable the PLA to more easily "exert over the Luzon Strait," obtain "greater strategic depth" and threaten Guam and Hawaii. He thinks "Taiwan isn't a relic of the Cold War" but "situated at the geographic forefront of the strategic competition that very well may define the 21st century that between the United States and China," Mazza proposes that Washington "has long pursued a policy in Asia in which it provided security while promoting economic and political

²²⁵Denial Blumenthal, "Rethinking U.S. Foreign Policy towards Taiwan," http://shadow.foreignpolicy.com/posts/2011/03/02/rethinking_us_foreign_policy_towards_taiwan.

²²⁶Rupert Hammond-Chambers, "Time to Straighten Out American's Taiwan Policy," March 7, 2011, <http://online.wsj.com/article/SB10001404250748754504404576183831310151722.html>.

liberalization,” and only by continuing to nurture its relationship with Taipei ... can the United States hope to ensure continued peace in Asia.”²²⁷

Will Inboden, Researcher at the Robert S. Strauss Center for International Security and Law of the University of Texas-Austin, published an article titled “Taiwan still Matters” at the website of *Foreign Policy* on April 1. He argues that the current equilibrium between the two sides are fragile and “many Taiwanese feel uncertain of the White House’s commitment to Taiwan’s security.” “The Taiwan question is about more than just the bilateral U.S.-Taiwan and U.S.-China relationships,” and it is also about Washington’s “strategic posture in Asia and the credibility of our commitments. American allies such as Japan, South Korea, and Australia, along with emerging powers such as India, Indonesia, and Vietnam, all watch carefully how the U.S. treats its friends — particularly follow democracies like Taiwan.” To strengthen the U.S.-Taiwan relations, Inboden makes some proposals, including agreeing Taiwan’s requests to buy F-16 C/D fighter jets and diesel submarines, sending senior officials to visit Taiwan, increasing U.S. support for Taiwan’s participation in international organizations, and increasing visits of members of Congress from both parties and both houses to Taiwan.²²⁸

Foreign Affairs at its July/August issue published Douglas Paal’s article titled “Accommodation Will Not Work.” Paal points out that the unstated premise of Charles Glaser’s recommendation is “the people of Taiwan would have no say in this decision.” He observes that the reason why the United States has embraced the same Taiwan policy over eight successive presidential administrations is because that the policy “serves U.S. interests in peace, prosperity, and stability.” “U.S. arms sales to Taiwan,” as asserted by Paal, “are an important part of maintaining peace in the western Pacific.” “Despite a gradual easing of tensions between China and Taiwan, Beijing continues to enhance its military capabilities with regard to Taipei” and “this has developed a vicious cycle.” Taiwan’s leaders would be removed by their voters should Taiwan fail to find outside sources of support. Since only Washington has “the will to fulfill Taiwan’s request,” as Paal suggests, “it needs to start with the mainland’s choice to increase or decrease its military deployments, not with Washington conceding Taiwan to Beijing” so that the cycle can be broken.²²⁹

Charles Glaser responded to Paal’s criticism by arguing that while Paal wants the Taiwanese people to have a greater say in U.S. decision-making, this rarely happens in international politics. “Especially when important national interests are threatened, countries will establish foreign policies for their own interests. Their friends, allies and enemies may not prefer these decisions, but they have no choices but to adapt to them.” Indeed, Washington aims at supporting freedom and democracy in

²²⁷Michael Mazza, “Why Taiwan Matters,” <http://www.aei.org/article/103283>.

²²⁸Will Inboden, “Taiwan Still Matters,” http://shadow.foreignpolicy.com/posts/2011/04/01/taiwan_still_matters.

²²⁹Douglas Paal, “Accommodation Will Not Work,” *Foreign Affairs*, Vol. 90, No.4 (July/August, 2011), pp. 180–181.

the world, including Taiwan. “But the U.S. should seek these interests without a serious security risk.” “Given the U.S. commitments to Taiwan may cause tension to its relations with China, and even lead to a serious crisis, the U.S. should consider withdrawing these commitments, though not necessarily terminating them.” He then puts forward several possible choices to reduce the commitments.²³⁰

More than just a couple of American scholars hold divided views over U.S. Taiwan policy. After Chinese President Hu Jintao’s successful state visit to the United States in January 2011, a three-day roundtable discussion, organized by the former U.S. Ambassador to China and Admiral Joseph Prusher, was held in the Miller Center of the University of Virginia from January 22 to 23. Participants of the roundtable are leaders from the academy, military, government, and business. They are U.S. Pacific Commander Timothy Keating, FedEx Express Asia Pacific Region President David Cunningham, FedEx Express International Division President Michael Ducker, former diplomat Charles Freeman III, and scholars such as Harry Harding and David Lampton. A report, which is entitled *A Way Ahead with China: Steering the Right Course for the Middle Kingdom* has been formulated and issued after the roundtable. The report indicates that due to “some differences that are not likely to change soon” between the United States and China, the bilateral relationship “will need to accommodate some fundamental differences—and we can do this.” China-U.S. relationship since Nixon’s visit to China in 1972 is a process of “protracted negotiation.” With regard to such a negotiation, “it is important that both parties understand each others’ want-to-haves and need-to-haves.” Among the items that China “wants” as listed in the report, the first one is that the United States is “to stop selling arms to Taiwan and to promote the peaceful unification of Taiwan and China.” The report additionally recommends that “we should take a fresh look at Taiwan,” and “a peaceful resolution of the longstanding Taiwan issue, acceptable on both sides of the strait would indeed be a boon to stability in East Asia, as well as to U.S.-China relations.” It is unfortunate, however, that “U.S. arms sales to Taiwan are part of a vicious circle, leading to the Taiwan issue that is clearly political, and increasingly economic, being always discussed in military terms.” “The solution to the Taiwan issue is not a military one, so we should discuss it in the layers of economy, politics, and culture.” “The goal enunciated in the Taiwan Relations Act—‘to preserve and promote extensive, close, and friendly commercial, cultural, and other relations between the people of the United States and the people on Taiwan, as well as the people on the China mainland and all other peoples of the Western Pacific area’— needs to be re-thought by all sides in a context broader than military.” “Of course,” as the report notes, “something as sensitive as Taiwan policy should be changed only with great deliberation.” The report finally puts forward six important suggestions, one of which is to “take a fresh look at Taiwan.” It argues, “The United States takes a

²³⁰Charles Glaser, “Glaser Replies,” *Foreign Affairs*, Vol. 90, No.4 (July/August, 2011), pp. 181–182.

somewhat protectionist stance with Taiwan historically” and “Taiwan is now an economically successful democratic institution that is slowly tending towards greater alignment with the Mainland.” Moreover, “our involvement with Taiwan is a frequent point of contention with the Chinese, particularly in respect to arms sales, and one that should be re-examined.” “The complex relationship is political” and thereby “should be re-examined outside of a military context.” The roundtable suggests taking serious and official steps to break the vicious circle described above.²³¹

Ambassador Chas Freeman, Jr. expressed his concerns about U.S. Taiwan policy at a discussion hosted in May by the China Maritime Studies Institute. “The Taiwan issue is the only one with the potential to ignite a war between China and the United States,” remarks Freeman. The Beijing-Washington relationship is “incompatible with our emotionally fraught differences over the Taiwan issue,” and “these differences propel mutual hostility and the sort of ruinous military rivalry between the two countries.” “To the PLA, U.S. programs with Taiwan signal fundamental American hostility to the return of China to the status of a great power under the People’s Republic.” “America’s continuing arms sales, training, and military counsel to Taiwan’s armed forces represent potent challenges to China’s pride, nationalism, and rising power, as well as to its military planners.” He also notes that China considers U.S. Taiwan policy as the “last effective barrier” to the arrival of national unity. “China has been patient for four decades,” argues Freeman, “but it is now actively pondering how best to remove the United States from what is — from its point of view — our very unhelpful residual military role in cross-Strait relations so that Beijing’s negotiators can settle the Taiwan issue with their counterparts in Taipei.” China may continue to emphasize the avoidance of conflict with the United States. But the political dynamics of national honor will sooner or later force Beijing to adopt less risk-averse policies than it now espouses. “We are coming to a point at which we can no longer finesse our differences over Taiwan. We must either resolve them or live with the increasingly adverse consequences of our failure to do so.”²³²

The Center for National Policy sponsored a small-scale conference in June 2011. Main speakers included Joseph Bosco from the CSIS, Justin Logan, director of Foreign Policy Studies at the Cato Institute, and Rupert Hammond-Chambers of the US-China Business Council. Joseph Bosco, who once worked as a China Desk officer in the Pentagon during the George W. Bush administration, points out downsides to U.S. policy of “strategic ambiguity” on Taiwan, believing “US, China and Taiwan urgently need a ‘declaration of strategic clarity.’” Washington must “declare clearly, unequivocally and publicly that it will defend Taiwan against Chinese attack” just as what the United States had done with Japan and South

²³¹*A Way Ahead with China. Steering the Right Course with the Middle Kingdom.* Report from the Miller Center for Public Affairs Roundtable, University of Virginia, millercenter.org/policy/chinaroundtable.

²³²Ambassador Chas Freeman, “Beijing, Washington and the Shifting Balance of Prestige,” <http://sinocism.Com/?p=2346>.

Korea. He argues that According to him, “delays by the US government in selling F-16C/D aircraft to Taiwan is sending the wrong signal to Beijing and others in the region,” while clarifying US commitment to Taiwan “would send a clear signal to China and to the countries of the region that the US would neither abandon nor be driven from East Asia.” Besides, China must respect the international norm established after World War II. In essence, Bosco’s suggestions are attempts to bring the current Taiwan-U.S. relations back to the age when Beijing and Washington did not establish diplomatic relations. It is a retrogression of history, representing arguments held by some part of the most conservative persons in American society. Their positions are incompatible with the current situations of China-U.S. relations. Justin Logan expresses strong opposition of suggestions by Bosco. While agreeing with Bosco on the “downsides” of “strategic ambiguity” on Taiwan, he argues nevertheless that the United States should not make a formal commitment to defend Taiwan, as “this is extraordinary risky,” and “would threaten to plunge the two countries headlong into near-term conflict.”²³³

Rupert Hammond-Chambers highlights the issue of U.S. arms sales to Taiwan. When Americans say that the process of U.S. arms sale to Taiwan was completely interrupted, they actually mean that the United States didn’t plan to accept the claim from Taiwan (the purchase of F-16C/D Fighting Falcons). Hammond-Chambers argues that some projects such as F-16C/D Fighting Falcons and diesel submarines are important to U.S. industrial base, commitments as well as strategic flexibility. As U.S. Congress constantly claimed that the process of Taiwan arms sale was interrupted and that Taiwan’s self-defense capabilities are damaged, and Taipei keeps making requests, the U.S. administration should not postpone discussing arms sale to Taiwan any more, Hammond-Chambers urges.²³⁴

In January 2010, the Obama administration conducted the sale of half an arms package left over from the Bush years. Afterwards, Taipei has been asking for more advanced weapons from Washington. Since July 2006, Taiwan has actually made a demand for purchasing 66 F-16C/D fighters. The administration was reluctant to make decision, which stirred up resentments from the conservatives. On March 1, 2010, Walter Lohman, director of Asian Studies Center at the Heritage Foundation, wrote an article in which he complains that “U.S.-Taiwan relationship today is all but frozen.” “Taiwan’s outreach to the mainland is predicted on strong U.S.-Taiwan ties. Ma has delivered on the outreach; it is the U.S. that is failing to do its part. And that makes the Taiwanese nervous about their future.” Lohman observes that there are “so many things waiting to be done” for Washington, and the first one is to sell the F-16C/D to Taiwan “without regard to China’s interests.” Some other things that the administration should do include advancing negotiations over the Trade and Investment Framework Agreement (TIFA) and extradition treaty, cutting

²³³Justin Logan, “Would China Really Just Shrug at U.S.-Sponsored Taiwan Independence?” <http://nationalinterest.org/blog/the-skeptics/would-china-really-just-shrug-us-sponsored-taiwan-independence-5528> [2011/7/4].

²³⁴The Center for National Policy, “Arming Taiwan: Impact on Asian Security,” June 22, 2011, <http://centerforationalpolicy.org/ht/display/ContentDetails/i/34472>.

“diplomatic” red tape between Taiwan and the United States, and acceleration of the admission of Taiwan into American’s Visa Waiver Program (VWP). In short, the Obama administration needs to “defrost the U.S.-Taiwan relationship” as soon as possible.²³⁵

In August 2011 Project 2049 Institute issued a report entitled *Asian Alliances in the 21st Century*, on which Dan Blumenthal, Randall Schriver, Mark Stokes, L.C. Russell Hsiao and Michael Mazza signed their names. The report analyzes U.S. security strategies and alliance system, challenges to U.S. strategies by the rise of China, and emphasis on the significance of Taiwan to U.S. security system in the Asia-Pacific. The report warns, “in the event that Taiwan falls into China’s hands, Asia could be cut in half, the U.S. command of the Pacific would be further imperiled, the South China Sea could become a Chinese lake, and Japan would lose strategic depth ... with China’s growing basing infrastructure on Hainan Island, a few bases and ports with missile and ISR forces placed in Taiwan could begin to give Beijing control of the South China Sea.” In addition, the report also discusses “strategies and capabilities required to defend Taiwan.” It suggests the U.S. government to be prepared to “send aircraft over Taiwan to conduct combat air patrols, and send small contingents of U.S. forces into Taiwan to help with the defense of the island.” Once the mainland attacks Taiwan, the United States and Japan should be willing to “interpose themselves between China and Taiwan.” This report aims at completely reinstating Taiwan’s status as U.S. ally and reviving the U.S.-ROC Mutual Defense Treaty. According to the report, the United States is strongly recommended to reinforce its security relationship with Taiwan.²³⁶

In the fall 2011 issue of *The Washington Quarterly*, Nancy Tucker, professor of history at Georgetown University, and Bonnie Glaser published an article titled “Should the United States Abandon Taiwan?” This article is a comparatively comprehensive and systematic response to opinions on the Taiwan issue by Bill Owens, and members of a study group at the Milner Center of the University of Virginia, as well as Charles Glaser. It is also a comprehensive explanation of “why the United States should not abandon Taiwan?” Numerous reasons are listed in the article. First, “a decision to jettison Taiwan, or even cut back significantly on U.S. support, would prove to an increasingly confident China that Washington has become weak, vacillating, and unreliable.” The 2009 U.S.-China Joint Statement takes Taiwan as the core interest of China, which has reflected Beijing’s estimate that “Washington could be intimidated or misled.” According to them, accommodating China’s demands on Taiwan “would not necessarily cause Beijing to be more pliable on other matters of importance to the United States ... such as Korea and Iran.” Second, the risks of appeasement over Taiwan are too high for the United States. The current Taiwan policy has gained continuing support from various U.S.

²³⁵Walter Lohman, “Defrost the U.S.-Taiwan Relationship,” *WebMemo*, No. 3173 (Heritage Foundation March 1, 2011).

²³⁶Project 2049 Institute, “Asian Alliances in 21st Century,” project2049.net/.../Asian_Alliances_21st_Century.pdf.

interest groups, and military industrial groups profit from U.S. arms sales to Taiwan in money and employment. If the Lockheed Martin's F-16 production line is shut down, it "would mean the loss of some 11,000 jobs in 43 states." The outcome of the abandonment of Taiwan is worrisome. It could be "profoundly disturbing to American liberals as well as conservatives for whom Taiwan's vibrant democracy has appeared to be a vanguard for political development in Asia." If China were to be "perceived as coercive, unreasonable, or unjust, Taiwan's fate would undermine U.S.-China relations, nullifying the original purpose of abandonment." Third, although the trajectory for cross-Strait relations looks promising, the PLA is developing the capability to settle the dispute in case of conflict and is developing anti-access as well as area-denial capabilities to deter U.S. intervention. "Appeasing" Beijing over Taiwan can only encourage China's "militant nationalism." Fourth, Taiwan-U.S. economic relationship is extremely important. Taiwan is the ninth largest trading partner of the United States, and the United States is Taiwan's third largest. Besides, America is Taiwan's largest foreign investor. "Particularly at a time when the U.S. economy remains in the doldrums, the United States should not impede access to economic opportunities in Taiwan." Fifth, U.S. support for Taiwan in recent years has been weakening due to many factors. To alter Taiwan policy, the administration "would have to confront congressional Taiwan caucuses comprising 29 senator and 145 representatives." Senate and House reiterated their position that "Taiwan is one of our strongest allies in Asia." Furthermore, hearings held in June 2011, for the first time in seven years, by the House Foreign Affairs Committee on "Why Taiwan Matters" may mean "revived activism," as indicated by the promise of Representative and Committee Chairwoman Ileana Ros-Lehtinen to introduce legislation to enhance the TRA." Sixth, Washington's long-term support for Taiwan also has "significance for U.S. allies and friends," because U.S. credibility is at stake. If U.S. policy were to be implemented inconsistently, U.S. allies and friends would "doubt U.S. reliability," and then strengthen their military buildup or align with Beijing. Lastly, the authors propose a series of suggestions to boost Taiwan-U.S. relations, including selling F-16C/D.²³⁷

Almost at the same time, an article titled "Why Giving Up Taiwan Will Not Help US with China?" by Shelly Rigger appeared at the AEI website. Rigger emphasizes the significance of Taiwan to the existing security architecture in the Asia-Pacific region serves the interests of many nations. "Washington's behavior toward Taiwan indicates its attitude toward security assistance generally, including its alliance commitments and willingness to honor other obligations around the world. How the United States manages its relationships with longtime friends, including Taiwan, is an important measure of its commitment to that leadership role." Quoting retired admiral Eric McVadon's remarks that "American credibility as an alliance partner and as a bulwark of peace and stability in the region and

²³⁷Nancy Tucker and Bonnie Glaser, "Should the United States Abandon Taiwan?" *Washington Quarterly*, Fall 2011, pp. 23–37.

around the world would be sorely diminished” were we to abandon Taiwan. She also quotes her interview with Richard Bush: “How the Taiwan Strait issue is resolved is an important test – perhaps the most important test – of what kind of great power China will be and of how the US will play its role as the guardian of the international system.” She highlights moral reasons in Taiwan-U.S. relations, claiming that “Washington and Taipei share decades of friendship, cooperation, common purpose, and shared sacrifice” and “US treatment of Taiwan stands as a critical test of America’s commitment to its core foreign policy values: democracy, freedom, and market economics.”²³⁸

In October 2011, the Obama administration decided to sell \$5.85 billion worth of arms to Taiwan, mainly aiming at upgrading more than 140 F-16A/B Falcon Fighter Jets. The arms sales deal was strongly criticized and opposed by the Chinese government. Taiwan also showed its discontent with the sales because Washington refused to sell the latest F-16C/D. The sales triggered a new round of debates over weaponry sales to Taiwan in U.S. academia. As suggested by Michael Swaine, “The United States should think of its own national interest, even if this means to modify the ‘Six Assurances’ to Taiwan.” The assurances are not “written by blood, nor are they American laws. They are modifiable, if the national interest believes they should be.”²³⁹ When interviewed by correspondent of Chinese *Global Times*, Swaine insisted that the “Six Assurances” are not American laws but policies. “The current question remains that whether it would be more consistent with U.S. interests if these policies were to be modified under certain conditions. American government should reexamine its policies when the main trend shows US should do so.” He maintains that more understandings achieved by Beijing and Washington over military and security issues of the Taiwan Strait, more favorable to resolve Taiwan issue or more stable the situation will be. The United States does not intervene into Chinese domestic politics. Rather, China needs to recognize the fact that Washington has virtually intertwined with the Taiwan issue. Both of China and America should face the realities.²⁴⁰

On November 10, 2011, *New York Times* published an article “To Save Our Economy, Ditch Taiwan” by Paul Kane, former International Security Fellow at the Harvard Kennedy School and a Marine. He contends in the article, “American jobs and wealth matter more than military prowess ... America has little strategic interest in Taiwan, which is gradually integrating with China economically ... The island’s absorption into mainland China is inevitable.” Therefore, Kane proposes

²³⁸Shelly Rigger, “Why Giving Up Taiwan Will Not Help US with China,” *Asian Outlook*, American Enterprise Institute, No. 3, November 2010.

²³⁹Mexin Zhu, “Opposition to arms sales on both sides of Taiwan Straits,”

<http://jmscintews.edublogs.org/2011/10/24/opposition-to-arms-sales-on-both-sides-of-taiwan-straits>.

²⁴⁰Wang Tian. “Kaneiji guojiheping jijinhui gaoji yanjiuyuan shiwen jieshou huanqiu shibao zhuanfang” [Senior researcher of Carnegie Endowment for International Peace Michael Swaine receives exclusive interview by *Global Times*], *Huanqiu shibao* [Global Times], November 17, 2011, p 7.

Washington to “enter into closed-door negotiations with Chinese leaders to write off the \$1.14 trillion of American debt currently held by China in exchange for a deal to end American military assistance and arms sales to Taiwan and terminate the current United States-Taiwan defense arrangement by 2015.” By doing so, American debt could be reduced and part of Chinese defense spending could be saved.²⁴¹

This proposition by Kane is so unusual that there is no surprise that it would be against by some scholars. Michael Mazza wrote an article entitled “Don’t Ditch Taiwan” and published on the official website of the AEI. According to him, “selling out Taiwan to the Chinese would be detrimental for U.S. strategic and economic interests and devastating for Taiwan’s people.” Following this Mazza basically repeats Taiwan’s strategic values to the United States — just as shown in the aforementioned “Asian Alliances in the 21st Century.” He contends, “ceding to China the strategic advantage in the Asia-Pacific wouldn’t seem to be the solution to America’s problems.”²⁴²

From the above discussions around American scholars’ debates over U.S. Taiwan policy in recent years, some preliminary observations can be summarized as follows.

First, U.S. scholars and former officials from government who advocate reexamining U.S. Taiwan policy offer various advices yet out of the same consideration: the narrowing gap of power between China and the United States due to the rise of China, the significance of the bilateral relationship to the United States and the seriousness of Taiwan issue, and the necessity of changing the current U.S. Taiwan policy and removing a blasting fuse that may ignite a bomb between Beijing and Washington. There are some unrealistic, if not fantastic, suggestions like Taiwan’s Finlandization and terminating U.S. arms sales to Taiwan in exchange for writing off American debt held by China. This is not important. What really matters is that American scholars and former officials do not endorse the current Taiwan policy, and believe that it is the time to rethink and change it.

Second, viewpoints criticizing these proposals generally fall into two categories, with one representing the mainstream and another conservatism. Douglas Paal, Nancy Tucker, Bonnie Glaser, and Shelly Rigger are considered as the mainstream scholars, while Project 2049 Institute, the AEI and the Heritage Foundation are representatives of conservatives. The two main groups share some similar views. Both argue that U.S. support for Taiwan accords with American values and is crucial to U.S. credibility, that Taiwan is an important economic partner to America, and that selling weapons to Taiwan brings economic interests to the United States, to name but a few. The largest difference between them lies in that the mainstream scholars either downplay the strategic values of Taiwan to America or doubt if there is any strategic value of Taiwan, while the conservative scholars and politicians instead emphasize Taiwan’s strategic value to America. Reports by

²⁴¹Paul V. Kane, “To Save our Economy, Ditch Taiwan,” *New York Times*, November 10, 2011.

²⁴²Michael Mazza, “Don’t Ditch Taiwan,” <http://www.american.com/archive/2011/november/dont-ditch-taiwan>.

Project 2049 Institute, remarks by Joseph Bosco and articles by Rupert Hammond-Chambers have clarified this.

Third, the scale of the debate right now is not large and quite a limited numbers of scholars and politicians participated in this debate. The important thing is the debate has already begun; the author believes that it will continue. As some mainstream scholars argue, opinions by Charles Glaser cannot be considered as mainstream in America, or even not close to the mainstream.²⁴³ It might be true. However, since China's development and its growing comprehensive strength are unstoppable, the strategic cost of U.S. arms sales to Taiwan will exceed its "benefits" one day in the future. There will be more Americans, including people from political and academic fields, realizing that the *Taiwan Relations Act* is obsolete and detrimental. The *TRA* will then come to an end.

Brief Summary

Taiwan issue is the most important and sensitive core issue in China-U.S. relations. The essential contents of the three China-U.S. Joint Communiqués are about the Taiwan issue. The One China principle is thought as the political foundation of China-U.S. relations. The experience over the past three decades proves that China-U.S. relations will encounter setbacks or even retrogress whenever Washington goes against the stipulations in Joint Communiqués about the Taiwan issue. America is a diversified society, and has many interest groups, whose viewpoints and positions regarding the same topic are diverse; there is no exception to the complicated and sensitive Taiwan issue. As illustrated in this chapter, different positions exist within American political and academic circles as well as the society as a whole. They generally fall into three categories, namely, the liberal, mainstream and conservative school. Of which the mainstream advocates maintaining the current U.S. Taiwan policy and the "one China" policy based on the three Communiqués and the *TRA*. They oppose any side of the Taiwan Strait to unilaterally alter the *status quo*, because they think the current policy has effectively served China-U.S. relations over the past thirty plus years and there is thus no reason to change it. They suggest the *TRA* continue to work, and substantial relations between the United States and Taiwan be maintained, including military relations and arms to Taiwan. The policy explained in the section two of this chapter is both U.S. official policy and the mainstream position held by U.S. think tanks.

The liberals argue that with the development of China-U.S. relations in the past three decades situations have undergone dramatic changes. The balance of power between China and the United States has been shifting and it is today completely different from that was thirty years ago. China-U.S. relationship today is extremely important to the United States, and it is unimaginable if the bilateral relationship goes back several decades earlier. In addition, the cross-Strait relations are now developing peacefully. The current U.S. Taiwan policy has become an obstacle to the further development of U.S.-China relations. The *TRA* is obsolete and America

²⁴³Ralph A. Cossa, President of the Pacific Forum, CSIS, said so at the seminar that Chinese and American scholars participated in May 2011.

should reexamine its “security commitments” to Taiwan, including Taiwan-U.S. military relations and U.S. arms sales to Taiwan, and Washington ought to “abandon” Taiwan in some degree. There are a variety of positions that liberals have on U.S. Taiwan policy, with some are more practical, some quite romantic, and some even fantastic. Their suggestions per se do not really matter, what really matter is that they propose rethinking U.S. Taiwan policy and making this policy work consistently with the times.

The positions of conservatives on U.S. Taiwan policy are just opposite of those of liberals. Arguing that Beijing is increasingly threatening Washington due to China’s rise, conservatives suggest the United States do what it can to contain China particularly in military terms. They contend that the strategic salience of Taiwan to America has grown, and consider Taiwan as a vital component of American alliance system in Asia-Pacific region. Therefore, they ask to reinforce U.S. security pledges to Taiwan and sell more advanced weapons to the island, and they make some requests similar to what was already debated over *Taiwan Security Enhancement Act* (TSEA) in U.S. Congress in 1999. Some even require reviving the stipulations in *Mutual Defense Treaty between the United States of America and the Republic of China*. They spare no efforts to block the peaceful development of cross-Strait relations, perpetuating the situation of separation of Taiwan from the mainland. To this end, they publicly claim the United States to abandon the “one China” policy and even advocate Taiwan’s independence. To recap, conservatives want to embed U.S. Taiwan policy as a crucial part into U.S. strategy of containing China.

As seen from the current circumstances, the mainstream school accounts for the majority in America whether in terms of institutions, researchers, qualities, or influence. As for institutions, the Brookings, the Carnegie, the Stimson Center, and the CSIS represent the mainstream. With regard to scholars, Richard Bush and Alan Romberg among others can be considered as eminent representatives of the mainstream school. And their works represent the authoritative interpretations of American Taiwan policy. They do not advocate alternating the current U.S. Taiwan policy but maintaining the *status quo*. The past thirty years have witnessed the existence of viewpoints by conservatives, which are mainly represented by the AEI and the Heritage Foundation, along with the new comer—Project 2049 Institute. They are all major advocates of “China threat.” Combining U.S. Taiwan policy with “China threat,” conservatives attempt to virtually separate Taiwan from China permanently and are thus deemed as a school supporting Taiwan independence. This school has a few members, yet its strength is by no means small. They have political representatives proposing various bills in Congress so as to create disturbance to China-U.S. relations. The liberal school made its voice heard only in recent years, and people can hardly tell which think tanks stand for it. Compared with another two schools, the liberal school is the smallest one in terms of members and influence. The significance of this school lies in that it is a new thinking and novel voice in American academia and political sphere, and it is likely to gain more recognition as time goes by. The mainstream school’s stance on U.S. Taiwan policy will remain to be the majority in a long term.

Chapter 3

U.S. Think Tanks and Economic and Trade Policy to China

Zheng Yuan

3.1 Ways of Think Tanks Influencing U.S. Economic and Trade Policy to China

As an emerging power, China's rise causes high attention among U.S. think tanks, which have strengthened their research on China from different perspectives, including politics, economy, military, society, and foreign relations. A large majority of think tanks have involved in discussion and formulation of U.S. trade policy toward China, ranging from China's most-favored-nation (MFN) trade status, permanent normal trade relations (PNTR), and U.S. economic and trade policy toward China in the new century. Besides the CFR, the Brookings, the Carnegie, the RAND, the Heritage Foundation, the AEI, the CSIS and the Atlantic Council, the Peterson Institute of International Economics (PIIE) and the Economic Policy Institute (EPI) have played a special role.

As the only major research institution in the United States devoted to international economic issues and a nonprofit/nonpartisan research institution, the PIIE was established by Fred Bergsten in 1981. Bergsten once served as Assistant Secretary for International Affairs at the U.S. Department of Treasury. The institute "attempts to anticipate emerging issues and to be ready with practical ideas, presented in useful and accessible formats, to inform and shape public debate."¹ Its audience includes government officials and legislators, business and labor leaders, management and staff at international organizations, university-based scholars and their students, experts at other research institutions and nongovernmental organizations, the media, and the public at large.² Over the past thirty plus years, the

¹See <https://www.cjgionline.org/partner/peterson-institute-international-economics-piie>.

²See the website of PIIE at <https://piie.com/about-piie>.

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institute has provided many international economic policy initiatives, such as the reform of International Monetary Foundation (IMF), the proposal of G20, broader financial management reform, the world's currency exchange rate systems, U.S. dollar, Euro, the Renminbi (RMB, Chinese *yuan*) policy, and global account imbalances. The PIIIE has made significant contributions to a diverse array of important trade issues, such as the Uruguay Round, Doha Round negotiations, North American Free Trade Agreement and some other U.S. free trade agreements, APEC, East Asian regionalism, initiation and implementation of U.S.-China Strategic and Economic Dialogue, U.S.-Japan economic negotiations, sanctions policy reform, U.S. export controls and export credit relaxation, and some other specific issues like China's PNTR trade status in 2000 and import protection for iron and steel. The institute produces in-depth articles, policy briefs and working papers. It also holds various kinds of dinner parties, seminars or conferences to discuss international economy every week.

There is around 50 staff at the PIIIE and most of them are famous in the United States and beyond. Notable experts on Chinese economy include Fred Bergsten, Morris Goldstein, and Nicholas Lardy. The founding director of the PIIIE (formerly the Institute for International Economics, IIE) Bergsten is widely quoted, and frequently appears at hearings before Congress and on TV. He was cited as number 37 of the top 50 "Who Really Moves the Markets?" and as "one of the ten people who can change your life" by *USA Today*.³ Things as such can well illustrate Bergsten's influence in American society.

Bergsten has authored, coauthored, edited or coedited more than 40 books on international economic issues, including *The Long-Term International Economic Position of the United States* (1999),⁴ *China's Rise: Challenges and Opportunities* (2008),⁵ and *The United States and the World Economy: Foreign Economic Policy for the Next Decade* (2005).⁶ It is with no doubt that Bergsten's remarks on global currency, China's currency exchange rates, and global economic imbalance have affected American views on issues of Chinese economy and trade and the RMB exchange rates.

Nicholas Lardy once worked at the Brookings Institution from 1995 on and joined the PIIIE in 2003. As a well-recognized expert on Chinese economy, Lardy writes a wide range of books and articles regarding Chinese economy. His publications include "The Future of China's Exchange Rate Policy,"⁷ and *China's Rise:*

³See the biography of Fred Bergsten at http://www.iie.com/staff/author_bio.cfm?author_id=33.

⁴Fred Bergsten, ed. *The Long-Term International Economic Position of the United States*, Special Report 20 (Washington, DC: Peterson Institute for International Economics, 2009).

⁵Fred Bergsten, Charles Freeman, Nicholas Lardy and Derek Mitchell. *China's Rise: Challenges and Opportunities* (Washington, DC: Peterson Institute for International Economics and Center for Strategic and International Studies, 2008).

⁶Fred Bergsten. *The United States and the World Economy: Foreign Economic Policy for the Next Decade* (Washington, DC: Peterson Institute for International Economics, 2005).

⁷Morris Goldstein and Nicholas Lardy, "The Future of China's Exchange Rate Policy," *Policy Analyses in International Economics* 87, July 2009.

Challenges and Opportunities (co-authored with Fred Bergsten). Lardy is one of the most influential U.S. scholars specializing in Chinese economy.⁸

The EPI is another influential think tank that cannot be ignored with reference to U.S. economic and trade policy to China. According to the introduction of the institute on its website, the EPI was created in 1986 and “proposes public policies that protect and improve the economic conditions of low- and middle-income workers and assesses policies with respect to how they affect those workers.”⁹ The institute has close ties with U.S. labor unions although it claims that it is a nonprofit and nonpartisan think tank. In 2008 through 2010, a majority of its funding (about 58%) was in the form of foundation grants, while another 26% came from labor unions.¹⁰ The EPI “produces numerous research papers and policy analyses; sponsors conferences and seminars; briefs policy makers at all levels of government; provides technical support to national, state, and local constituency and advocacy organizations; testifies before national, state, and local legislatures; and provides information and background to the media.” In a typical year, the EPI is cited in the media more than 20,000 times and is mentioned and/or its staff are seen or heard by over 300 million people on television and radio.¹¹ The institute is inclined to oppose free trade in matter of economic and trade issues. It believes that free trade causes job losses in the United States and proposes to protect domestic industry. The EPI takes a hard line with China concerning trade issues. It argues that China infringes intellectual property rights and manipulates its currency, which is thought as a major cause of the rapidly growing U.S. trade deficit with China. This will then lead to the loss of a huge quantity of job opportunities. Therefore the EPI persists in advocating imposing more pressure on China and suggests ranking China as the largest currency manipulator. These policy recommendations are quite influential in Washington, DC, particularly among Democratic politicians. Charles Schumer, a Democrat Senator and long-term hardliner on the issue of the RMB currency, addressed the creation of jobs domestically at the EPI in July 2011.

Think tanks cannot get involved in government decision making directly. Rather, they usually play an indirect role. At most of the time think tanks play their part behind the scenes in imperceptible ways. It is more appropriate to say that it is the viewpoints of some individual researchers rather than a whole think tank that are often heard. Researchers often emphasize that their personal viewpoints on some issues do not represent that of institutions they serve, particularly when the institution per se remains divided on these issues. By and large, there are no special differences between major U.S. think tanks regarding ways they influence American economic and trade policy toward China.

Think tanks’ first step is to decide issue and find out problems or challenges. Through research and discussions, they then provide policy ideas and resolution

⁸See http://www.iie.com/staff/author_bio.cfm?author_id=24.

⁹See <http://www.epi.org/about/>.

¹⁰See http://www.epi.org/about/describing_epi/.

¹¹See <http://www.epi.org/about/>.

plans. In order to obtain support from the public and find favor in policy makers' eyes, think tanks double their efforts to publicize and "sell" these ideas. The trading volume between China and the United States has been constantly increasing and interdependence is deepening after the establishment of their diplomatic relations. In spite of the fact that structural discrepancies remain unsettled and the fluctuating relations influenced their economic and trade ties, the overall development trajectory is still quite fast. The issue of MFN trade status had been highly politicized and became an eye-catching topic in the 1990s. Nearly all think tanks at different time voiced their positions on this issue. Think tanks highly concentrated on and ardently discussed some important issues, ranging from MFN and PNTR status, China's entry to the WTO, debates over RMB exchange rates caused by trade deficit, to intellectual property protection and market access. In fact, this is an interactive process. In the context of China's rapid development, the United States cares more about the implications of China's rise. Besides, U.S. subprime mortgage and financial crisis adds American's concern to trade deficit and trade imbalance between the United States and China, which encourage think tanks to do research on these issues. In turn, think tanks select and shape research issues and detect problems and challenges that will attract attention from both the media and the public.

One of the most important roles that think tanks play is to produce innovative research findings and thought products, influence public opinion, expand social influence, and shape a favorable social environment for U.S. foreign policy. As American political scientist Donald Abelson once put, while individual scholar sometimes clearly supports or opposes governmental policies, the institution he or she affiliated with has its primary goal to serve as an important source providing professional knowledge rather than involving in policymaking process.¹² First, think tanks publish a multiplicity of books and journals, analytical reports and background information. Major think tanks have their own journals, such as *Foreign Affairs*, *The National Interest*, *Foreign Policy*, *Washington Quarterly*, *Brooking Review*, and *RAND Review*. These journals are popular to government officials and researchers. Second, think tanks periodically host public seminars, lectures, and symposiums. They discuss important issues, particularly those attractive to the public. This is actually a way to educate the public and influence the media. Third, think tanks expand the social influences of their research findings via the media and press. Think-tank researchers accept interviews by mainstream media and express their viewpoints on some issues. They hold briefings to expound their positions and proposals from time to time.

Think tanks aim at influencing public policy. To achieve this important goal, they need to strengthen ties with the government. Specifically, there are various ways think tanks usually adopt. They can participate in concrete consulting-oriented research projects with the government; submit the latest research findings to it by

¹²Donald E. Abelson, *American Think Tanks and Their Role in U. S. Foreign Policy* (London and New York: MacMillan Press Ltd, 1996), p. 27.

raising questions and providing resolutions; invite government staffs to have informal meetings and discussions or to give lectures at think tanks so as to deepen mutual understanding and communications; testify at hearings before Congress and enunciate positions and viewpoints on relevant issues to affect congressional opinions. Think tanks' influence varies from issue to issue. For example, think tanks have their voices heard concerning RMB exchange rates. Among them the PIIC is the major player. Its founding director Fred Bergsten gave testimonies at hearings before Congress regarding issues of reforming the international monetary system, U.S. trade deficit with China, and RMB currency exchange rates. He argues that the Chinese government blocked significant RMB rise and proposes putting more pressures on China.¹³ The institute's senior fellow Morris Goldstein and Nicholas Lardy also appeared at hearings before Congress, elaborating the issue of undervaluation of Chinese currency. In 2003, at a hearing before the Senate Subcommittee on Domestic and International Monetary Policy, Trade, and Technology, Goldstein presented preliminary estimates, arguing the RMB is undervalued by 15–25%. He then put forward a two-step approach for China to consider. "In the first step, China would immediately revalue the RMB by 15–25%," and in the second step adapt a managed float.¹⁴ The Bush administration did impose pressures on China as Bergsten proposed, as indicated by U.S. China policy years later.

Think tanks provide policy support or campaign strategies for presidential candidates so as to pave the way for influencing the new administration. One example is Bill Clinton and the Center for American Progress (CAP). The CAP was once called the Institute of American Progressive Policy affiliated with the Democratic Leadership Council, established in 1989. Bill Clinton maintained a close relationship with the institute when he served as Democratic National Committee Chair. After he began to run for president, many key members of the CAP were included in his campaign team. John Podesta, the first president and CEO of the CAP, was appointed as Director of the White House Office after Clinton came to office. Because of their close ties, the center was once regarded as Clinton's personal think tank. Key members of the CAP also participated in Barack Obama's campaign team in the 2008 presidential election, providing policy recommendations, including campaign tactics and post-election policy adjustments. The center is

¹³For example, at the Hearing on U.S.-China Economic Relations before Committee on Finance, U.S. Senate, on March 29, 2006, Bergsten firmly believed that U.S. trade deficit and RMB devaluation were closely correlated. He then put forward four steps and asked U.S. government to impose pressures on China with reference to RMB appreciation. "If the first four steps in the strategy fail to produce the necessary results in the near future, Congress should pass the Schumer-Graham legislation to impose an across-the-board surcharge on imports from China." See Fred Bergsten, "The US Trade Deficit and China," Testimony before the Hearing on US-China Economic Relations Revisited Committee on Finance, United States Senate, March 29, 2006, <http://www.iie.com/publications/testimony/testimony.cfm?ResearchID=611>.

¹⁴Morris Goldstein, "China's Exchange Rate Regime," Testimony before the Subcommittee on Domestic and International Monetary Policy, Trade, and Technology Committee on Financial Services, US House of Representatives, October 1, 2003.

therefore highly recognized by President Obama and its several fellows were appointed as high-level officials in the new administration. Thanks to President Obama's trust and support, a wide array of its research reports and policy recommendations were highly valued and adopted.¹⁵ There are also some typical cases for Republican Party. The Heritage Foundation played a significant role behind the scenes in the 1980 presidential campaign. It assisted the Reagan administration to handle transition affairs. George W. Bush mainly relied on the Hoover Institution at Stanford University during his campaign. Condoleezza Rice at the institution was later appointed as Assistant to the President for National Security Affairs.

The "Revolving Door" effect further expands the space of think tanks to influence public policy and helps to cultivate reserves of talents. The flow of personnel is a two-way process: research fellows at think tanks assume important positions at government agencies while retired or resigned government officials enter think tanks and serve as executives or senior fellows. There are a great number of cases of two-way personnel flow. Some people even shuttle between government and think tanks for many times. Jeffrey Bader once served as State Department's Director of Office of Chinese and Mongolia Affairs during the second term of the Clinton administration. As Clinton left the White House, Bader left the government and started to work as senior fellow at the Brookings, serving as director of the China Initiative and the first director of the John L. Thornton China Center. When Democrat Obama ran for presidential campaign, Bader served as the advisor to him on foreign policy. When Obama took office in 2009, Bader returned to the White House and served as Senior Director of Asian-Pacific Affairs at the National Security Council until April 2011.¹⁶ Those who came back to think tanks have a clearer knowledge of the features of governmental policymaking and can wage their influence and manage with ease that novices cannot through their personal networks with governmental agencies and Capitol Hill. On the one hand, government officials are more willing to seek consults from former officials, due to private relations and psychological reliance. On the other, these former officials, particularly heavy-weight ones, build a communication bridge between think tanks and government agencies, therefore advance the influence of think tanks. This is why a large number of think tanks attach great importance to the incorporation of former government officials into their research or managerial teams.

Furthermore, U.S. think tanks take an active part in track II diplomacy directly. By strengthening communications and exchange, they can understand perceptions of China better and provide American government with more accurate information. Considering the complexities of U.S.-China relations and the lack of strategic mutual trust, think tanks through track II dialogue can communicate and negotiate about some sensitive and controversial issues. The channel of communications

¹⁵See the first chapter of this book.

¹⁶As one of the participants of policymaking of U.S. China policy in the Obama administration, Jeffrey Bader's latest published book—*Obama and China's Rise. An Insider's Account of America's Asia Strategy*—has drawn wide attention. See Jeffrey Bader, *Obama and China's Rise* (Brookings Institution Press, 2012).

facilitates mutual understanding, expands space of cooperation, and helps to conduct resolutions. Track II dialogue provide not only precise intellectual support, but also the warming up phase leading official diplomatic activities, making it a necessary supplementary element. Thanks to their special functions, think tanks receive high recognition and are appreciated by U.S. government. Before enacting an important policy, the government will listen to viewpoints from some think tanks and test the waters through their activities. In fact, U.S. government often conveys some signals through think tanks so as to observe reactions from inside and outside the United States and get well prepared for the introduction of some important policies. In this sense, research and discussions by think tanks pave the way for the making and explanation of U.S. economic and trade policy toward China. By doing this, domestic pressures in America can be released and the United States can also deliver messages to China. The Brookings made some suggestions for the revision of Deputy Secretary of State Robert Zoellick's speech transcript before he formally put forward the concept of "responsible stakeholder" in September 2005. The new concept attracted attention from many parties. Different people and institutions had their own interpretations. The Brookings dispatched its research fellows to China and listened to Beijing's feedback about it. Actually, major think tanks such as the Brookings, the RAND, and the CSIS frequently promote and devise track II activities, thus becoming the backstage planners for U.S. China policy.¹⁷

Think tanks' influence varies from one another and is contingent upon a wide range of factors. First, ideas and beliefs of think tanks must match with cultural values of American society. Otherwise they will not have influence and lost their vitality. American society is open and inclusive, but with some basic bottom lines in value. Think tanks would find it difficult to survive should they challenge values that are widely accepted by the society. A large amount of funds and grants come from donations of individuals and foundations. Think tanks can hardly obtain funds that are essential to their survival once their basic positions are not acceptable by the society.

Second, while think tanks emphasize their independence and are not affiliated with any parties or interest groups, they are generally different from one another in ideological terms. American Think tanks can be divided into three spectrums, namely, left, center and right. This will affect their influence in certain periods. The Heritage Foundation and the AEI are homes to American conservatives. They both maintain a quite close relationship with the Republicans. Comparatively, these think tanks that bring conservatives together are more influential to a Republican administration than a Democratic one. The AEI and the Heritage Foundation are more influential under the administrations of Ronald Reagan and George W. Bush. In contrast, the Brookings and the CAP are more liberal, and more likely to win favor from a Democratic administration. This explains that why the CAP has more

¹⁷For detailed analyses, see Xu Ying, "Zhongmei zhiku dui liangguo 'dier guidao' waijiao de canyu" [The Involvement of China and U.S. Think Tanks in China-U.S. "Track II" Diplomacy], *Journal of Shanxi Normal University* (Social Science Edition), Issue 6, 2007.

influence on U.S. policies during the Clinton and Obama administrations, when the AEI and the Heritage Foundation have smaller influence.¹⁸ But it does not mean the latter ones have no influence at all. Rather, they can still constrain the Democratic administrations by influencing the Republican Party and working with other conservative think tanks.

Third, think tanks constitute only one of many factors influencing U.S. China policy, and their role should not be exaggerated. In the era of the post-Cold War, U.S. China policy is closely related with domestic political struggles. A distinct characteristic running through the 1990s is the politicization of U.S. economic and trade policy toward China, which remains so today. Due to the close relations between economic issues and interests of American domestic interest groups, all sorts of political forces—administration departments, House and Senate, interest groups, the media, as well as inter-partisan and factional conflicts on the part of the Democrats and Republicans—are involved in intense contentions with one another. Therefore, U.S. economic policy toward China seems to be the final result after many rounds of contentions among relevant forces. Under these circumstances, it is not easy to accurately evaluate the role think tanks play in making U.S. economic and trade policy toward China.

The next sections will explore the role of think tanks in policymaking on three issues, China's MFN trade status, PNTR status, and U.S.-China economic and trade relations since 2000.

3.2 Think Tanks and China's MFN Status in the 1990s

Debates over China's MFN trade status have been a point at issue for U.S.-China relations as well as U.S. Congress and administration contention after 1989. In the ten-year-long struggle around China's MFN status, members of Congress put forward many resolutions and proposals and a variety of interest groups were involved in the process. Think tanks also had their voices heard in the seesaw battle.

3.2.1 The Prominence of China MFN Issue

According to the *Jackson-Vanik Amendment* to the *Trade Act of 1974*, two prerequisites should be met if a country wants to receive MFN status with the United States. First, the country must conclude a reciprocal agreement on granting MFN

¹⁸Conflicts between parties and factions increased in American political fields after the Cold War ended. In the meantime, foundations that are closely interrelated with the two parties held different political views, particularly on domestic issues. When attending a discussion at the Heritage Foundation in 2009, this author found that research fellows at the foundation held a strongly negative attitude toward President Obama's policies.

status mutually with U.S. government and the agreement must be passed in Congress. Second, the country should entitle its citizens to emigrate.¹⁹ If U.S. President agrees and Congress does not oppose or cannot overturn presidential veto by two-thirds majority, a specific country's MFN trade status would be extended for a year. The amendment was formulated specifically for the Soviet Union. It is self-evident that the MFN issue was a product of the Cold War. But the issue continued to affect U.S. relations with other countries in the post-Cold War era. Since the *Jackson-Vanik Amendment* could be applied to all non-market economies, China and its socialist counterparts were bounded and restricted by the amendment when they signed trade treaties with the United States. Through the 1980s, the renewal of China's MFN status was not a problem. Previous U.S. administrations would notify Congress every year that China should be exempted from the prerequisites required by the *Jackson-Vanik Amendment* before the MFN trade status was due. China's MFN status was successfully extended because Congress never opposed it until 1989.

Public opinion was unfavorable to China after the June Fourth Incident in 1989. Anti-Chinese sentiment overwhelmed U.S. Congress. Members of Congress put forward a wide array of resolutions demanding the administration to impose sanctions against China. Considering the realities and U.S. national interests, President George Bush adopted some measures that would prevent U.S.-China relations from breaking down. He also took actions to mend the relations between the two countries before Congress was about to impose sanctions against China.²⁰

The Bush administration and Congress held totally different positions on sanctions against China during that period. In brief, the administration was mild and restrained, while Congress was strong and tough. The Bush administration handled with U.S.-China relations in a way that was consistent with the long-term American interests. It adopted measures of sanctions against China with different stages and adjusted its specific measures according to the domestic situations in both the United States and China, being cautious on sanctions against China to avoid severely damage on U.S.-China relations by extreme measures. Many members of Congress, however, became quite emotional, strongly arguing that Congress should impose more severe and broader sanctions against China and exert greater pressure so that China could make concessions.

As the different positions between Congress and the administration on U.S. China policy were widening, Congress choose to challenge the President during annual review of MFN status, attempting to exert pressure on the Chinese government and forced the White House to adopt a tougher China policy. The MFN issue, which had never been an issue, turned out to be a focus of struggle.

¹⁹In October 1972, the United States and Soviet Union reached a bilateral trade treaty that grants the latter MFN status. Members of U.S. Congress were really resentful about the Soviet's restrictions on Jewish's emigration. Jewish groups in US doubled their efforts to lobby relevant officials and agencies. Therefore, the Congress passed the *Jackson-Vanik Amendment*, linking the MFN status and the freedom of emigration in the Soviet Union.

²⁰See Wenzhao Tao, *Zhongmei guanxi shi*, Vol. II, second section, chapter 6.

The withdrawal of the MFN status to China would result in the imposition of substantially higher U.S. tariff on over 95% of U.S. imports from China.²¹ According to a statistical report by the White House in 1990, over twenty main products—such as shoes, clothes, electronic products, and toys—that China exports to US would be imposed a 60% tariff rate should China's MFN trade status be revoked. Some other goods would even be imposed tariffs ten times more.²² It seemed that the United States placed an embargo on Chinese products. Besides, the United States granted MFN trade status to a vast majority of economies and denied the status to just few countries, which were nearly regarded as U.S. enemies.²³ Therefore, withdrawing China's MFN status in some sense made Beijing an enemy of Washington. Representative James Moran of Virginia once mentioned about the consequences of rejecting renewal of China's MFN status. "A vote to reject normal trade relations sends a signal to China that we consider them an enemy in the same way that we do our avowed enemies like Iraq and Libya," he argued.²⁴ During the times when the international situations were transforming from the Cold War era into the post-Cold War era, granting China MFN status was the basis for a normal China-U.S. relationship. If U.S. government denied MFN status to China, U.S.-China relations would go backwards. Realizing the significance of granting MFN to China suggested by some insightful persons in the United States, the U.S. political circles particularly the administration did their utmost to lobby Congress. They deemed the MFN issue as fundamental one between the two countries.

Several resolutions opposing renewal of China's MFN status were proposed at Senate and House in June 1989, as an approach to impose sanctions against the Chinese government. Some China experts testified at hearings before Congress that any pressure from foreign countries including the United States had little influence on domestic situations in China. It was a serious fault to impose economic sanctions against China or cut off economic ties with that country since it would bring about counterproductive consequences including the weakening, not the strengthening, of moderates in Chinese leadership.²⁵ Nonetheless, Congress was fraught with

²¹Vladimir N. Pregelj, "Most-Favored-Nation Status of the People's Republic of China," *CRS Reports 92094*, Updated December 6, 1996.

²²*Congressional Record*, May 24, 1990, p. S6947.

²³While the United States denied granting MFN trade status to communist countries according to the *Trade Expansion Act of 1951*, the *Jackson-Vanik Amendment* in 1974 attached conditions such as freedom of emigration for granting MFN to the Soviet Union and other non-market economies from the Eastern Europe. Poland, Yugoslavia, Hungary, and China had been granted MFN status through bilateral agreements by June 1990. But a number of socialist economies including the Soviet Union and Eastern Europe countries that were in confrontations with the United States were not granted. The majority of the Commonwealth of Independent States had been granted MFN status by 1996. By 1998 Washington had granted MFN status to 223 countries and areas with the exclusion of the rest 7 countries—Afghanistan, Cuba, Laos, North Korea, Serbia, Montenegro, and Vietnam.

²⁴*Congressional Record*, July 22, 1998, p. H6087.

²⁵"The United States of America Response to Events In China—Views of Prof. A. Doak Barnett," *Congressional Record*, June 12, 1989, E2075.

anti-Chinese sentiment. It finally decided to assert pressures on the Chinese government and the Bush administration on the issue. The previous consensus on China policy in the United States did not exist any more; instead Americans were divided, particularly between the administration and Congress. As an expert on U.S. Congress once said, cooperative work between Congress and the administration leading to consensus was replaced by malicious remarks, mutual slander in the back, and self-centered criticisms to the other side.²⁶

Debates over China policy in the United States had been nearly concentrated on China's MFN trade status since the early 1990s. President George Bush's firm stand on the issue made legislative activities in Congress symbolic, but not substantial. This turned Congress into a place of attacking the Chinese government and criticizing U.S. President's China policy. Congress opposed granting MFN status to China or attaching additional conditions to it, attempting to impose economic sanctions against China, making MFN a significant political issue that affected bilateral relations.

On May 16, 1990, U.S. House held a hearing concerning MFN, starting to formally discuss the issue in Congress. There were few differences among Americans on the promotion of democracy and human rights in China. But they were divided on the approaches to achieving the goals. Opinions fell into three groups according to the hearings. These opinions actually laid the foundations for the future debates over China's MFN status in Congress and the United States.

The first group proposed renewal without any conditions. They thought that the lapse of the MFN status would create chaos to U.S. market whose products were mainly provided by China; cause economic retaliations by China and damaged U.S. exporters of farm and industrial products; jeopardize the economic vitality of Hong Kong when its political confidence were at a low ebb; make difficulties to those Chinese people advocating economic and political reform; darken the prospects of resolving conflicts in Asia-Pacific such as the Cambodia question because China was an important regional power.

The second group suggested revoking China's MFN status. They argued that the renewal of MFN was a mockery of U.S. regulation that the prerequisite for it is protection of human rights. This would break Chinese citizens' belief in liberty, confirm the Chinese leader's extremely arrogant attitude, and present an image of the United States caring only about interests and nothing about principles.

The third one contended that China's MFN status should be extended conditionally. They recommended (1) extending for six to nine months first and then evaluating the proposal; and (2) extending for a whole year with conditions such as incorporating renewal of the MFN into a broader plan.²⁷

²⁶Robert G. Sutter, "The China Policy in Washington: Recent Background and Prospects," See *New Ideas and Concepts in Sino-American relations*, Conference Report, November 18-20, 1992, sponsored by American Enterprise Institute and Shanghai Institute for International Studies, p. 150.

²⁷"Meiguo zhongyiyuan guanyu zhongguo zuihuiguo daiyu diyici tingzhenghui qingkuang" [The First Hearing before U.S. House of Representatives on China's MFN Status], quoted from China

The struggle for China's MFN status is not only a competition between Beijing and Washington, but also a political wrestle in American society. The issue became more complex when Congress and the administration as well as the Republicans and Democrats were entangled in it.

Generally speaking, U.S. think tanks were comparatively silent when the political atmosphere toward China was negative. Some China experts, however, expressed their concern about the prospects of U.S.-China relations. They supported developing relations with China, believing it would be counterproductive if withdrawing China's MFN status. To some extent, these voices echoed the president. Although these rational voices were overwhelmed by anti-Chinese sentiment, it was really precious to have their voices heard during hard times. Moreover, some China experts tried to stabilize U.S.-China relations.

Harry Harding, Brookings senior fellow then, warned in a speech at the Asia Society on June 6, 1989 that the current global political trends including the June Fourth Incident would corrode the foundation of U.S.-China relations. He argued that the two factors that Washington could have otherwise improved its relations with China were weakened. The first one was the thawing of U.S.-Russia relations and improvement of China-Russian relations, which led to the slimmer possibilities of playing the "China card" for the United States. The second was that China became less attractive to U.S. companies to invest because of domestic political unrest.²⁸

Zhu Rongji, the then mayor of Shanghai, led a delegation of Chinese mayors to visit the United States from July 7 to 26, 1990. This was the first large official delegation visiting America for a long period since U.S. exercised sanctions against China one year earlier. The delegation met with high-level government officials, Congressional members, and business leaders, including General Brent Scowcroft. Thanks to the NCUSCR, the delegation's visit made a success. NCUSCR president David M. Lampton, a well-recognized China expert, organized, arranged, and hosted the delegation.²⁹

When U.S. Senate was discussing China's MFN trade status on June 22, 1991, Senator Max Baucus argued that China should be granted the status. He quoted David Shambaugh who told the *New York Times* earlier: "There's no doubt in my

(Footnote 27 continued)

Chamber of International Commerce and the Economic Information Department of China Council for the Promotion of International Trade, eds., *Maoyi xinxi kuaixun* [Trade Information Express], No. 10, May 17, 1990. "Most-Favored-Nation Status For The People's Republic Of China," hearings before the subcommittees on Human Rights and International Organizations, Asian And Pacific Affairs, and International Economic Policy and Trade, the Committee on Foreign Affairs, House of Representatives, 101st Congress, 2nd Session, May 16 and May 24, 1990 (Washington, DC: U.S. Government Printing Office, 1990).

²⁸*Congressional Quarterly Weekly Report*, June 10, 1989, p. 1414.

²⁹Wenzhao Tao Interviews David M. Lampton. See Wenzhao Tao, *Zhongmei guanxi shi*, Vol. II, p. 213.

mind that revoking MFN would only strengthen the hardline constituency and worsen the human rights situation.”³⁰

The Heritage Foundation upholds ideas that are long held by the Republicans, supporting external trade and promoting American values through free trade despite the fact that it persistently advocates maintaining and developing relations with Taiwan and played up the theory of “China threat.” In terms of trade with China, the foundation maintains that the United States should impose pressure on China concerning market access, intellectual property protection and some other specific issues. But it also stands for developing economic and trade ties with China to influence the trajectory of its development. The Heritage Foundation had upheld the view that China should be granted MFN status without attaching conditions and opposed revoking China’s MFN status throughout the 1990s. When the issue was most fiercely debated in the United States from 1990 to 1992, the foundation published a research report each year in May right before the debate, advocating extension of China’s MFN status. On May 8, 1990, Heritage Foundation senior policy analyst Andrew Brick and others coauthored a report titled *Washington’s Agonizing Decision: To Extend or Revoke China’s Most-Favored-Nation Trade Status*. The article analyzes some consequences if Washington refused to renew Beijing’s MFN status. According to this report, denying MFN would hurt China, such as dramatically raising tariffs on Chinese exports to American, costing South China’s export industries to lose up to two million jobs, reducing China’s access to much needed hard currency, and isolating that country internationally. It also points out other costs that the U.S. would bear if it denies MFN to China: “increased price and reduced availability of popular Chinese-made products to American consumers and importers,” loss of Chinese markets for U.S. exporters, “sapping the economic vitality of China’s most dynamic region,” enormous new problems for Hong Kong, increased Beijing dependence on arms sales for cash, and isolating moderate elements within the Chinese leadership. It would never encourage Beijing to cooperate with the United States should Washington take a hardline toward Beijing.³¹

In another article published in May 1991, Andrew Brick divides America’s problems with China into two categories: economy and politics. He suggests, “Washington should deal with them accordingly: economic problems should be addressed with economic mechanisms; political problems with political ones.” The article argues that “ending China’s MFN status is not appropriate” because it will hurt reformers in China, consumers in America, and economy of Hong Kong. There

³⁰*Congressional Record*, July 22, 1991, S10532. See also Nicholas D. Kristof, “Doing Beijing a 2d Favor?” *New York Times*, July 21, 1991.

³¹Andrew B. Brick, Bryan T. Timmons and Thomas J. Timmons, “Washington’s Agonizing Decision: To Extend or Revoke China’s Most-Favored-Nation Trade Status,” *Background*, Asian Studies Center, Heritage Foundation, N. 104, May 8, 1990. See also at <http://www.heritage.org/research/reports/1990/05/washingtons-agonizing-decision-to-extend-or-revoke-chinas-most-favored-nation-trade-status>.

are “no grounds for revoking U.S. MFN trade status for China.”³² In an article published in November in the same year Brick enunciates the significance of Chinese strategic position and contends renewing unconditionally China’s MFN trading status and establishing a framework of constructive America-China policy. As he says, “MFN is the backbone of America’s constructive engagement with Greater China’s commercial development.”³³

3.2.2 *The Turning Point of Struggle for China’s MFN Status (1993–1994)*

In 1992 the Democrat candidate Bill Clinton accused President Bush of U.S. China policy during the campaign, claiming that he would never coddle dictators from Baghdad to Beijing. Clinton said he would seize opportunities to promote American democratic institutions and values and support China’s democratic progress so as to achieve the victory of democracy and free market in China. He criticized President Bush for his “indifference toward democracy.” Bush’s China policy, according to Clinton, “was unwise and unsuccessful” and it “coddled Beijing” too much. Clinton then proposed carrying out China policy with both hard and soft tactics and suggested granting a conditional MFN status to China.³⁴ It remained a focus of attention that how President Clinton was about to deal with the China MFN case. After assuming presidency, however, Clinton changed his tune by saying that it was not necessary for the United States to reject the MFN status for China, and he would not isolate China out of political and economic reasons should China make progress in human rights and some other issues.³⁵

The fact that Clinton changed his tune indicated that he needed to stand out ethically during the electoral campaign, but was faced with post-election domestic pressure, with most business people demanded the renewal of China’s MFN status. Moreover, some think tanks also suggested extending China’s MFN status. In February 1993, the Atlantic Council and the NCUSCR jointly issued a report

³²Andrew B. Brick, “The Case for Renewing China’s Trade Status,” *Backgrounder*, No. 160, May 9, 1991. <http://www.heritage.org/Research/Reports/1991/05/The-Case-for-Renewing-Chinas-Trade-Status>. In May 1992, he updated the article and published the article titled “Yet Again, China’s Trade Status Should be Renewed,” *Background*, No. 179, May 12, 1992.

³³Andrew B. Brick, “America-China Policy: Maintaining Constructive Engagement,” *Background*, No. 118, November 15, 1991.

³⁴Bill Clinton criticized the Bush administration’s China policy on many occasions during the campaign. See William J. Clinton, “Nomination Acceptance Speech to the Democratic National Convention,” July 16, 1992; transcript in *New York Times*, July 16, 1992, p. A14; Bill Clinton’s speech to the Los Angeles World Affairs Council, August 13, 1992. See also Thomas Friedman, “Clinton says Bush made China gains,” *New York Times*, November 20, 1992, p. A1.

³⁵Liu Liandi and Wang Dawei, eds., *Zhongmei guanxi de guiji: jianjiao yilai dashi zonglan* [The Trajectory of China-U.S. Relations: A Review of Major Events since China-U.S. Diplomatic Establishment], p. 350.

entitled *United States and China Relations at a Crossroad*. Recognizing the achievements China had made since the implementation of the reform and opening-up policy, the report recommends the United States to involve in the process and states clearly the important foundations for U.S.-China cooperation in a new era. It argues that the emerging world order in the post-Cold War era since 1989 did not eliminate the reasonability of building up a constructive U.S.-China relationship, even though the reasonability had become more complicated. The United States should attach greater importance to economic, technological and cultural connections, to joint efforts in maintaining Asian stability, and to enlarge China's participation in resolving multinational issues. It urges U.S. President neither to rescind China's MFN status nor attach any conditions. Rather, the report proposes conducting strong and quiet talks with Chinese paramount leaders on human rights issue and resuming contacts between high-level military officials in the two countries.³⁶ The group that drafted the report was co-chaired by John Whitehead, former U.S. Deputy Secretary of State, and Barber Conable, Jr., president of the World Bank. Group members include former Secretary of State Edmund Muskie, former Secretary of Defense Harold Brown, and former U.S. Ambassadors to China Leonard Woodcock as well as Arthur Hummel. The report drew plenty of attention from the American political circle. Former Secretaries of State Alexander Meigs Haig, George Shultz, and Henry Kissinger, former U.S. President Richard Nixon, and a NCUSCR delegation visited China successively from February to May. Seth Cropsey, director of Asian Studies Center at the Heritage Foundation, contends, "Beijing's economic reforms were originally set into place to reverse China's slide into poverty and technological inferiority." However, this policy "carries unintended side effects." The policy "eats away at Beijing's central control" and promoted the development of human rights. In consequence, Cropsey urges President Clinton to "grant China MFN trade status without condition."³⁷

At the very beginning of his presidency, President Clinton attached great importance to economic factor to U.S. foreign policy by listing economic security at the first place among three strategic goals. As Chinese economy grew rapidly, the voices asking to grant China MFN status were getting stronger in American society. In this context, Clinton took a middle way. He avoided violating his pledges during the campaign and thus antagonizing Congress on one hand, and evaded extreme measures (such as revoking China's MFN status) and confrontations with China that might damage American political and economic interests on the other hand.

³⁶Liu Liandi, ed., *Zhongmei guanxi de guiji: 1993-2000 nian dashi zonglan* [The Trajectory of China-U.S. Relations: A Review of Major Events from 1993 to 2000] (Beijing: Current Affairs Press, 2001), p. 4.

³⁷Seth Cropsey, "Renew China's Trade Status," *Backgrounder*, No. 191. May 20, 1993, <http://www.heritage.org/Research/Reports/1993/05/Renew-Chinas-Trade-Status>.

Taking these factors into account, the Clinton administration decided to link China's MFN trade status to its human rights performance.

Clinton made an announcement in May 1993 to extend China's MFN status, but attached human rights conditions to it in 1994. Richard Solomon, president of the USIP and Assistant Secretary of State for East Asian and Pacific Affairs in the Bush administration, criticizes the decision by Clinton in an article appeared at the *Washington Post*. "With a Democratic administration now in the White House, the president has been able to forge a coalition with Congress that will impose human right-related conditions in considering MFN a year from now while leaving our concerns about China's proliferation activities and trade practices to be dealt with by other measures," he observes. "This policy adjustment gives the administration greater flexibility in dealing with China but puts our growing economic ties at risk, based on human rights criteria not specified in the Jackson-Vanik Amendment." He argues that Washington has a long-term national interest in constructive relations with China. The current surge in China's economic growth is the "most powerful force for bringing about the very changes we are now seeking through sanctions." Conditions in China have improved dramatically since 1972. Focusing on "MFN as our primary source of leverage on China" would put "the entire relationship at risk" with costly price and questionable effectiveness. The most effective way is to "remain engaged with China in a way that offers benefits for cooperation as well as sanctions for misdeeds." Lastly Solomon contends that U.S. "policy should be cast to reinforce these trends," which over time are bound to bring about political and economic openness in China.³⁸

Both the administration and Congress enjoyed a Democrat majority after Clinton took office. To a large extent this alleviated the confrontations between the two branches. China's economy resumed growing rapidly after Deng Xiaoping's southern tour in 1992. The deepening economic reform and improvements of investment environment boosted foreign investors' confidence in China. The U.S. business community then surged into China once again. In May 1993, the International Monetary Fund concluded that according to the criterion of purchasing power parity (PPP) China's economy is the third largest one, behind the United States and Japan. The news was released at the front page of the *New York Times* and made a big stir in the United States.³⁹ The North Korean Nuclear Crisis in 1994 was a turning point. China's position on the crisis was of critical importance, suggesting its strategic significance. Foreign policy community and some notable persons thus denounced the Clinton administration's China policy. Well-recognized China experts including Henry Kissinger, Doak Barnett, and Harry Harding delivered lectures and speeches one after another. They opposed to develop U.S.-China relations utterly based on human rights practices. Thanks to their efforts, American perceptions of placing

³⁸Richard Solomon, "No More Bull In The China Shop - Why Clinton Had Made the Right Move on Trading With Beijing," *Washington Post*, May 30, 1993.

³⁹Steven Greenhouse, "New Tally of World's Economies Catapults China Into Third Place," *New York Times*, May 20, 1993, p. 1.

human rights issue over U.S.-China relations were gradually changed. On May 11, the America-China Society (with Henry Kissinger and Cyrus Roberts Vance as co-chairmen) released a report on U.S.-China relations that had already been submitted to President Clinton. The report suggests that Clinton take the initiative to renew the MFN status and de-link it with human rights. Leaderships from both the United States and China must strengthen jointly the development of strategic U.S.-China relations in case that the overall relationship was severely damaged by any unilateral policy miscalculations. Besides, the two parties in the United States should reach an agreement to make a constructive China policy.⁴⁰

A study by James Lilley, former U.S. Ambassador to China, and Wendell Willkie for the AEI estimates that to derive China of MFN could cost America 180,000 high-paying jobs. If MFN privileges were withdrawn next month the Chinese would abruptly cancel contracts with Boeing.⁴¹ Lee Hamilton, one of the contributors of the study and senior congressman of Indiana, argues that threatening the termination of MFN or attaching conditions to it was no longer policy tools of the United States. He points out that Washington has political, economic, security, and diplomatic interests in China as China's economy fast grows. No country will be able to determine China's future, only the Chinese can. Washington hence should adopt a "policy of realism," and the "task of policy will be to protect U.S. interest, whatever occurs." In the short term, U.S. policy is to encourage a positive direction for post-Deng China. According to Hamilton, the Jackson-Vanik amendment and the concept of MFN conditionality were "policy measures created during a different era to achieve a different policy purpose *vis-à-vis* a different government." "If the emerging answer from the expert community is no, then it is time for political leaders to think about moving beyond MFN, toward a better policy to protect and promote the U.S. national interest," Hamilton says.⁴² Meanwhile, Wendell Willkie made a speech at the Heritage Foundation, elaborating the reason of U.S. China policy dominated by the MFN issue. He summaries the origin and development of the Jackson-Vanik amendment and compares the difference between China and former Soviet Union, arguing that extension of MFN for China can not only protect American business interests, but also communicate American ideal and values to the Chinese people through trade exchange.⁴³

Under this background, Clinton finally announced to de-link China's MFN status with its human rights record on May 26, 1994. As observed by the *Los Angeles Times*, it is a difficult political decision after deliberation for Clinton to

⁴⁰Liu Liandi ed., *Zhongmei guanxi de guiji*, p. 39.

⁴¹Hobart Rowen, "China: Trade And Tradeoffs," *Washington Post*, May 19, 1994, p. A21.

⁴²Lee H. Hamilton, "Introduction," in James R. Lilley and Wendell L. Willkie II, eds., *Beyond MFN, Trade with China and American Interests* (Washington, DC.: American Enterprise Institute Press, 1994).

⁴³Wendell L. Willkie, Jr., "Why Does MFN Dominate America's China Policy," *The Heritage Lectures*, Heritage Foundation, No. 486, 1994.

extend China's MFN trade status. In fact, Clinton realized the necessity to establish a constructive and long-term strategic relationship with China.⁴⁴

Before Clinton made his announcement, the Heritage Foundation had issued a series of research reports, claiming that the Clinton administration's China policy was a failure and supporting extension of MFN status to China without any conditions. The foundation released a report entitled *Ending the Confusion in U.S. China policy* by its Policy analyst Brett Lippencott in April 1994. Lippencott argues in the report that Clinton's China policy is based on a fundamental contradiction. On the one hand, he wants to engage China, "hoping to solicit its cooperation on the problem of North Korea and nuclear proliferation." On the other hand, he wants to force China to improve its human rights record by "threatening to punish and isolate it with trade sanctions," he says. This contradiction has created a "confusing policy of mixed signals and misunderstanding that is making a mess of America's Asia policy." According to this report, MFN is important, but not the only issue defining relations between Washington and Beijing. "America has other critical interests that require Chinese cooperation." Therefore, he makes some recommendations for the Clinton administration, including: (1) "Confer permanent and unconditional MFN status on China;" (2) "De-link trade issues like MFN from human rights issues while increasing the number of high-level diplomatic meetings to address human rights concerns;" (3) "Encourage China to lower barriers to trade and investment;" (4) Strengthen support of Taiwan by helping it remain "a positive example for reform on the mainland;" (5) "Help Hong Kong to remain a vibrant center for commerce and an example of democratization in Greater China;" (6) "Press China to persuade North Korea to end its nuclear weapons program;" (7) "Increase U.S.-China military contacts as a means to stop China's missile sales to rogue states."⁴⁵ After Clinton announced de-linking MFN with human rights, the Heritage Foundation issued an updated report of *Ending the Confusion in U.S. China Policy* on June 3. This report approved of Clinton's decision. Richard Fisher, acting director of Asian Studies Center at the foundation, observes that by continuing to grant MFN to China, "Clinton will help advance the \$38 billion trading relationship which the U.S. now enjoys with the world's fastest growing economy." Besides, "by increasingly prosperity in China through greater trade, the U.S. can help to create the economic freedoms" that are the foundation of political freedom to be promoted. This report finally points out that on critical issues such as relations with China, the President must "constantly navigate among competing demands such as human rights, trade, and potential regional conflicts." Clinton's failure to decide on a balanced China policy one year earlier was the "principal cause of this year's embarrassing policy reversal."⁴⁶ Although these reports claim that the viewpoints

⁴⁴*International Herald Tribune*, June 1, 1994.

⁴⁵Brett Lippencott, "Ending the Confusion in U.S. China Policy," *Backgrounder*, Asian Studies Center, The Heritage Foundation, No. 130, April 18, 1994.

⁴⁶Richard D. Fisher, Jr., "The Collapse of Clinton's China Policy: Undoing the Damage of the MFN Debate," *Backgrounder*, Heritage Foundation, No. 225, June 3, 1994.

did not necessarily reflect those of the Heritage Foundation, but it does reflect the foundation's policy orientations, judging from its series of reports on China MFN trade issue and persistent support of it.

3.2.3 Routine Reviews of China's MFN Status (1995–1999)

Through the 1990s, congressional members could generally be divided into two groups on China's MFN issue. Some advocated pressuring China by revoking its MFN status or attaching conditions to it. This group aimed at achieving U.S. goals with antagonistic measures. Some others contended that the United States should extend China's MFN status unconditionally and influence China by engaging it. They rejected to impose pressure on China through ways including withholding MFN status and attaching human rights conditions. There were no obvious differences between the two groups on goals: both were concerned about China's human rights record, bilateral trade, and China's nuclear proliferation; both asked China to comply with international norms and accelerate economic reform and democratic progress. However, they remained divided on how to fulfill these goals. The dissonance in Congress indicated the diverse tactics and means for implementing the same policy.

The de-linkage between trade and human rights in 1994 introduced a new stage for the struggle on the MFN issue, which had become less significant. Despite the impasse of U.S.-China relations because of the Taiwan issue in 1995-1996, China's MFN status was still extended for a year. Resolutions that opposed renewal were rejected in House with a clear majority. The intensity of partisan competition and factional conflicts was greatly alleviated, with unclear partisan divide between Republicans and Democrats on the issue. The review of China's MFN status was reduced to a routine procedure in the 105th Congress. Christian conservatives' involvement in human rights issue in 1997, along with the Cox Report and U.S. bombing of the Chinese Embassy in Belgrade in 1999 once produced negative effects on Congressional annual review, but these controversies were much less acute compared with the debates in the early 1990s, particularly during the Bush administration. In 1998, U.S. Congress passed a bill that changed MFN status to PNTR status. Members of Congress started to look for other means *vis-à-vis* the MFN trade status to impose influence or pressures on China, which further decreased the importance of the MFN issue. To some extent, MFN status was not a key issue for U.S.-China relations any more. Congressional members had persistently reviewed, debated, and then renewed China's MFN status for many years. A reason that could not be neglected was that Congress was playing with politics so as to exercise pressure on China, hoping it could compromise on issues like trade, human rights and arms sales.

When Congress was discussing China's MFN status, Brett Lippencott of the Heritage Foundation argues in an article in July 1995 that Representative Frank Wolf's attempt to revoke China's trade privileges is "misguided." And the best way

to encourage China to respect international norms of behavior is through “policies that promote the rule of law, free trade, economic reform, and democratization in China.” Countermanding China’s MFN status, however, “could strengthen hardline elements within the Chinese leadership.” Lippencott then listed eight reasons why the United States should maintain China’s MFN status: (1) “Conditioning or revoking trade would impede, rather than advance, the betterment of human rights in China;” (2) “Rescinding or conditioning MFN status would harm American business interests in China and cost the American economy thousands of high-tech, high-paying jobs;” (3) “MFN’s encouragement of economic rights will lead eventually to demands for political rights;” (4) “Denying MFN status could cause retaliatory sanctions against American companies that would be counterproductive to the advancement of human rights in China;” (5) “Denying China MFN status would weaken Hong Kong as a vibrant commercial center;” and (6) “Rescinding MFN status will not encourage China to adhere to international limitations on transfer of nuclear technology or weapons of mass destruction.”⁴⁷

Clinton announced to extend China’s MFN status unconditionally on May 20, 1996. Following the announcement, Stephen Yates, policy analyst at the Heritage Foundation, appreciates the administration’s right decision in an article. He analyzes the significance of the extension of MFN for China and argues that it serves U.S. long-term interests. For him, “Because of its size and rate of growth, China will have an enormous impact for good or for ill on U.S. interests. Therefore, it is prudent to improve the management of this critical relationship and to seek China’s cooperation before forcing the American and Chinese people to pay the enormous security and economic costs of revoking MFN.” Yates argues that the MFN debate unfortunately is caught up in two mistaken beliefs: (1) that MFN is privileged treatment and (2) that revoking MFN would be an effective way to force a favorable change in China’s behavior. According to him, revoking or conditioning MFN gains too little and risks too much” for the United States. He points out eight reasons for the United States to extend the MFN, as revoking MFN for China would (1) “harm American workers;” (2) “threaten U.S. business and investment;” (3) “jeopardize economic reform in China;” (4) “damage the economies of Taiwan and Hong Kong;” (5) “not improve human rights conditions in China;” (6) “not encourage China to adhere to international limitations on transfer of nuclear technology or weapons of mass destruction;” (7) “unnecessarily set the U.S. on the road to prolonged confrontation with China;” and (8) “violate a U.S. interest in free trade and a more open China.” Yates then suggest to “renew China’s MFN status,” “invite China’s President Jiang Zemin to the White House for a full state visit,” “repeal or amend the Jackson-Vanik Amendment,” and follow a more broad-based

⁴⁷Brett Lippencott, “Continuing China’s MFN Status: Still in U.S. Interests,” *Backgrounder*, No. 256, July 17, 1995, <http://www.heritage.org/Research/Reports/1995/07/Continuing-Chinas-MFN-Status-Still-in-US-Interests>.

strategy toward Asia rather than “putting too many eggs in the China market basket.”⁴⁸

When the debates over the so-called “China threat theory” came to a climax in 1997, U.S. Congress considered enacting legislation on the issue of human rights and threats that China poses to the United States and Asia. Members of Congress proposed a variety of acts including *the China Policy Act of 1997*. According to the act, Washington would not revoke China’s MFN status, but target against affiliated companies of the People’s Liberation Army (PLA) that illegally transfers weapons or technology and poses threats to U.S. security. Meanwhile, private enterprises were excluded. Stephen Yates argues that the three guiding principles of the act should be “the cornerstone of U.S. legislation on China policy.” The three principles include: (1) “punish the transgressor;” (2) “cut aid, not trade;” and (3) “strengthen the promotion of democracy.” Moreover, he also recommends lawmakers to remove export controls on supercomputers and narrow the definition of “PLA affiliate” to include only companies or enterprises that are wholly or majority owned by the PLA.⁴⁹ On July 22, 1998, President Clinton signed the Internal Revenue Service (IRS) reform bill. According to the bill, “the term ‘normal trade relations’ should be substituted for the term ‘most-favored-nation.’” This is the progress that U.S. China policy made at that time.

Jiang Zemin paid a historical state visit to the United States in October 1997, and President Clinton paid a return trip to China in June 1998. The Republicans were strongly opposing Clinton’s state visit to China. The Brookings hosted a discussion on June 15. Bates Gill, the then director for Nonproliferation Studies at Monterey Institute of International Studies, Nicholas Lardy, senior fellow at the Brookings then, and Richard Haass, director of Foreign Policy Studies at the Brookings, discussed a series of questions including whether President Clinton should visit China at this time, whether China was responsible in combating the proliferation, and whether the United States should renew China’s MFN status.⁵⁰ On June 17, former U.S. Presidents Gerald Ford, Jimmy Carter, and George Bush, and eight former Secretaries of State, six former Secretaries of Defense, five former Secretaries of the Treasury, and five former Assistants to the President for National Security Affairs including Henry Kissinger, Zbigniew Brzezinski, Cyrus Vance, Alexander Haig, George Shultz, Dick Cheney, Brent Scowcroft, James Baker, III, Lawrence Eagleburger, Warren Christopher, Anthony Lake, and William Perry submitted an open letter to U.S. Congress. The letter argues, “American foreign policy cannot succeed if it fails to engage China.” To establish stable and lasting relations has been “a principal objective of American foreign policy since President Nixon’s historic visit in 1972, and has been supported by all subsequent

⁴⁸Stephen Yates, “Why Renewing MFN for China Serves U.S. Interests,” *Backgrounder*, Asian Studies Center, Heritage Foundation, No. 141, June 25, 1996.

⁴⁹Stephen Yates, “Out of the MFN Trap: The China Policy Act of 1997,” *Executive Memorandum*, Heritage Foundation, September 26, 1997.

⁵⁰“Trade, Tiananmen, and Technology,” <http://www.brookings.edu/events/1998/0615global-economics.aspx>.

administrations of both parties.” “The importance of the strategic relationship is underscored by current developments in the region, particularly Asia’s financial crisis and the nuclear tests by India and Pakistan.” China continuing open and reforming its economy and improving the quality of life of its citizens is “in the vital interest of the United States.” According to the open letter, despite the dispute between the two countries, it should not impinge upon “a strong, consistent policy towards China.” The letter suggests President Clinton to visit China as scheduled. It also recommends to extending normal trading relations to China.⁵¹ The *New York Times*, *Washington Post*, and *Wall Street Journal* published this open letter in their front pages on the same day. On June 22, two well-known Brookings China experts, Harry Harding and Nicholas Lardy, were invited to the White House to drop a hint to the press about President Clinton’s upcoming visit to China. Harding remarked that “the President’s visit to China will introduce him to the complexity of that country,” and “the President will see that Chinese society is far freer than at any other time since 1949” as well as all kinds of problems facing China. “If through this visit we all can acquire a better understanding of China’s dynamism and complexity, that alone I think will be a significant contribution to U.S.-China relations,” he said. Lardy pointed out that China’s currency was stable, economy was growing, and foreign investment was also quite open, resulted in “the migration of labor-intensive manufacturing” from other countries and areas to China in recent years. Besides, China had been one of top ten fastest growing export markets for the United States. Moreover, “the Chinese have been very supportive of the program” of the International Monetary Fund during the Asian financial crisis.⁵²

On July 21, 1998 when Congress was debating on China’s MFN status, Stephen Yates explains again in an article the reason for the United States to renew China’s status. First, “MFN helps to roll back the socialist welfare state by expanding China’s private sector” and individual freedoms. Second, “MFN affords American firms the opportunity to increase participation in China’s market.” Third, a continued MFN “will promote stability for Hong Kong.” Fourth, “MFN is not special treatment,” and “is trade jargon for the normal status the United States grants to virtually every trading partner.” Fifth, MFN can increase “American access to the Chinese people.” Sixth, targeted measures could better address specific policy concerns. He points out finally that “denying or threatening to deny MFN to China solves nothing,” and normal trade relations with China are “part of an overall U.S. policy toward China.”⁵³ Aaron Lukas, Analyst at the Cato Institute’s Center for

⁵¹See Wenzhao Tao, *Zhongmei guanxi shi*, Vol. II, pp. 317–318. A majority of these high-ranking officials serving former U.S. administrations held various positions in think tanks and played significant roles in U.S. society.

⁵²“White House Briefing on President Clinton’s Forthcoming Visit by Dr. Harry Harding and Dr. Nicholas Lardy,” *Bulletin*, June 22, 1998, pp. 8-17.

⁵³Stephen Yates, “Six Reasons to Continue MFN for China,” *Executive Memorandum*, Heritage Foundation, No. 542, July 21, 1998.

Trade Policy Studies, argues in an article that the United States should renew MFN for China this year and “make it permanent.” According to Lukas, there is nothing “favored” about MFN status, as only six countries currently lack it. In fact, China is “the only major U.S. trading partner without permanent MFN status.” Lukas contends, “Congress will be making a grave mistake if it fails to renew normal trade relations with China.” The most obvious effect for it would be to force Americans to pay much higher prices for products from China because of increase of customs. This “would have a disproportionate impact on the poor.” Besides, “American businesses would also pay a heavy price,” particularly the smallest ones, that depend on trade with China. Refusing to grant MFN status to China would also “help European and Japanese competitors who are unlikely to follow the U.S. lead in restricting trade.” Those competitors “are ready, willing and able to pounce on every market opportunity we leave behind.” Furthermore, “isolating China would do nothing to help victims of oppression there.” By contrast, through engagement China is moving toward the right direction.⁵⁴

Before U.S. Congress was about to discuss whether China’s normal trade relations (NTR) status should be withheld in July 1999, the Cato Institute’s Center for Trade Policy Studies issued a report titled *Trade and the Transformation of China: The Case for Normal Trade Relations*. According to the report, China today is America’s Number 4 trading partner. In 1998 Americans imported \$71 billion worth of goods from China and exported \$14 billion to China, making it the 13th largest market abroad for U.S. goods. Revoking China’s NTR status would “raise average tariff rates on Chinese goods entering the United States from 4% to more than 40%, putting a chill on U.S.-Chinese commercial relations.” As the report put it, “trade encourages human rights and facilitates the work of Western religious ministries active in China” because commerce and economic reform enable China to have more access to the external world. Moreover, the report points out that making “China’s NTR status permanent before its entry into the WTO would allow American companies to reap the benefits.” China’s WTO membership would encourage further economic reform in China and restore its faltering economic growth. To facilitate that entry, the United States should drop its unreasonable demands that China agree to an extension of U.S. quotas on textile imports and stricter antidumping and self-disciplined rules that discriminate against Chinese exports.”⁵⁵

⁵⁴Aaron Lukas, “Grant China MFN,” *Journal of Commerce*, July 21, 1998, <http://www.cato.org/publications/commentary/grant-china-mfn>.

⁵⁵“Trade and the Transformation of China: The Case for Normal Trade Relations,” *Trade Briefing Paper*, No. 5, July 19, 1999, <http://object.cato.org/sites/cato.org/files/pubs/pdf/tbp-005.pdf>.

3.3 Think Tanks and Legislation of China's PNTR Status

The PNTR status between China and the United States is previously known as MFN status. As mentioned above, China's MFN trade status had to be annually reviewed in U.S. Congress from 1990 through 2000. Although it was extended each year, there is little doubt that the annual review disturbed China-U.S. relations periodically.

The United States and China reached a consensus on China's entry to the WTO after thirteen-year-long negotiations between the two countries. In October 1999 they signed a treaty that paved the way for China's accession to the organization. As the world's largest economy, the United States played a decisive role in the Uruguay Round of the General Agreement on Tariffs and Trade (GATT) negotiations and negotiations over China's participation in the WTO.

According to regulations of the WTO, member states enjoy privileges of reciprocal trade in multilateral framework. To this end, the United States had to first pass a legislation granting China PNTR status. But the issue remained controversial in America. Social forces including labor groups, human rights groups, religious right groups, pro-Tibetan independence forces as well as environmental protection organizations were opposing PNTR for China. They exerted great pressure on Congress. At the same time, extreme liberal Democratic and extreme right-wing Republican members of Congress formed an intangible coalition. Nonetheless, the Clinton administration, U.S. business community, particularly large enterprises, and various famous scholars supported China's PNTR status.

The discussions about China's PNTR status are quite similar to that about MFN issue. Those proponents argued that granting China PNTR status enabled the United States to trade and contact with China. Beijing would then open the door and integrate itself into the international society and gradually learn how to comply with international norms. On the other hand, the opponents held the belief that granting PNTR would neither bring economic interests to the United States nor help to improve Beijing's human rights performance. Rather, it would augment the capabilities of military and security agencies. And this was virtually encouraging the despotism.

If one considers that the normalization of China-U.S. relations in the 1970s opened a door for the two countries, the legislation granting China PNTR was then a golden key initiating China-U.S. relations in the new century, which could fundamentally change the developmental process of their bilateral relations in the future. Therefore, the White House considered the legislation as the most significant affair since the establishment of diplomatic relations with China. The Clinton administration thereby spared no expense in escorting the bill.

The bill needed to be passed first in House. The proponents and opponents were equally matched in House. So the Clinton administration decided to lobby House representatives first. President Clinton lobbied them face-to-face for many times and enunciated the significance of normal trade relations with China. He gave more attention and efforts to those Democrats who held a wait-and-see attitude.

Moreover, he kept making calls to members and urged them to support PNTR for China.

In order to conduct lobby activities among different departments, the Clinton administration established a team to coordinate with Congress. The team functioned like an inter-departmental agency that was headed by William Daley, the then Secretary of Commerce, and composed of seven ministerial officials. The team put forward a wide variety of suggestions and made arrangements for President or Cabinet members to meet with House members whom the administration needed to enlist help. Frank Wolf, an anti-China Republican Congressman, protested the administration's lobbying efforts and demanded to monitor the team. According to U.S. laws, administration departments are forbidden to lobby Congress with taxpayers' money. Nor could they instruct business community to do so.

At many hearings before Congress, officials of the administration repeatedly underscored the significance of China's PNTR and urged Congress to support the Clinton administration.⁵⁶ Charlene Barshefsky, U.S. Trade Representative, and Lawrence Summers, U.S. Secretary of the Treasury, emphasized at the hearing before the Senate Financial Committee that U.S.-China Trade Agreement was consistent with national strategic interests and was important to safeguard American national security and business interests as well as to push China's transformations. Barshefsky, Summers, Secretary of Agriculture Daniel Glickman, and Secretary of Commerce William Daley testified again at a hearing before House Committee on Ways and Means on May 3.⁵⁷

In addition to soliciting support from representatives face-to-face, high-level officials in the Clinton administration delivered speeches constantly during that time and elaborated the importance of PNTR to China. They thought that granting China PNTR could help to open the Chinese market and push China's transformations. So granting PNTR was consistent with U.S. interests. Clinton also expounded repeatedly on many occasions on the importance of PNTR for China. On March 8, 2000, the day when the bill of China's PNTR status was submitted to the Congress, Clinton gave a speech at the SAIS of the Johns Hopkins University and explained the crucial meanings for maintaining normal trade relations with China. "If you believe in a future of greater prosperity for the American people, you certainly should be for this agreement. If you believe in a future of peace and security for Asia and the world, you should be for this agreement." Clinton alleges,

⁵⁶At various Congressional hearings in the first half of 2000, the Clinton administration's notable officials including Secretary of State Madeleine Albright, Secretary of Commerce Daley, Secretary of Agriculture Glickman, U.S. Trade Representative Barshefsky kept highlighting the significance of granting PNTR status to China. For example, U.S. Trade Representative Barshefsky argued that granting PNTR to China was consistent with U.S. interests at a hearing before the House Committee on Ways and Means on February 16. See "Text: USTR Barshefsky Feb. 16 Ways and Means Committee," *Washington File*, February 17, 2000.

⁵⁷See their testimonies before House Committee on Ways and Means at *Washington File*, May 4, 2000.

“I’ll do what I can to convince Congress and the American people to support it.”⁵⁸ In order to affect those undecided representatives, Clinton gave speeches in Ohio and Minnesota successively on May 12.⁵⁹ Ohio is a state with strong labor groups. Clinton discussed with local laborers, business and religious leaders about some questions that they were concerned. Representative Thomas Sawyer, who then had not made his final decision on the bill yet, invited Clinton to Ohio. In his speech in Ohio, President Clinton claims that granting China PNTR status and “China entry to the WTO will slash barriers to the sale of American goods and services in the world’s most populous country.” “Refusal to pass PNTR would put Ohio farmers, manufacturing, workers at a disadvantage” and “our Asian and European competitors would reap these benefits.” Lastly, Clinton argues, “China’s accession will help promote reform in China and create a safer world.”⁶⁰

In order to be more convincing in lobbying, the Clinton administration played a role of coordination to create conducive atmosphere for supportive members of Congress by inviting influential social elite to voice forcibly their opinions. Three former U.S. Presidents, four former Secretaries of State, four former Secretaries of Defense, three former National Security Advisors, and forty-two State Governors expressed their support for China’s PNTR status in different ways. On May 8, Federal Reserve Chairman Alan Greenspan and three former Presidents Gerald Ford, Jimmy Carter and George Bush pushed for approval of the PNTR bill. The White House also released an open letter by the three former Presidents. On May 9, under the chair of President Clinton, former Presidents Carter and Ford, and some various former political leaders gathered in the White House to urge Congress to grant PNTR to China. Clinton, Al Gore, Ford, Carter, Kissinger and Baker gave speeches and explain the significance of the PNTR bill. Such large-scale gatherings in the White House were seldom seen in American history. The purpose of these gatherings was to create a favorable environment for the bill, encouraging those undecided Congress members to support it. Furthermore, the White House also released a large number of letters by forty U.S. State Governors who supported trade relations with China, open letters to Congress by more than two hundred high technological corporations including Microsoft and IBM, and joint letters by 149 economists including 13 Nobel laureates who supported China’s accession to the WTO.

On September 20, 2000, the bill was passed by a vote of 83 versus 15 in Senate. President George W. Bush signed the act on December 27, 2001, announcing officially that China would be granted PNTR status since January 1, 2002. The passage of the bill also suggested the end of the annual Congressional review of China’s MFN trade status according to the *Jackson-Vanik Amendment of 1974*. In

⁵⁸See “Transcript: President Clinton on U.S.-China Trade Relations,” *Washington File*, March 9, 2000.

⁵⁹For full text of Clinton’s speech, see “Transcript: Clinton May 12 Speech on China PNTR in Akron, Ohio,” *Washington File*, May 16, 2000.

⁶⁰President Clinton, “Permanent Normal Trade Relations With China: A Strong Deal for America and Ohio,” White House Office of the Press Secretary, May 12, 2000.

effect, before President Bush signed the bill, the fourth WTO ministerial meeting had already passed China's application to WTO membership on November 10, 2001. China therefore became a formal WTO member since December 11 of the same year. The decision by President Bush marked the normalization of U.S.-China trade relations and China's final integration into the norm-based global trade system. Beijing welcomes Washington's decision. The resolution of PNTR issue not only facilitate trade cooperation between the two countries, but also create a better environment for developing more stable and healthier economic relations between them.⁶¹

In the course of China's PNTR legislation, many U.S. think tanks issued a large number of research reports to analyze the relations between the legislation and U.S. national interests. For example, the National Bureau of Asian Research published a report titled *Promoting U.S. Interests in China: Alternatives to the Annual MFN Review* in June 1997. The report was composed of several insightful articles, such as David M. Lampton's "Ending the MFN Debate," Laura D'Andrea Tyson's "Are Economic Sanctions an Effective Tool for Realizing U.S. Interests in China?" Douglas Paal's "Alternatives to Revoking MFN from China," Nicholas Lardy's "Normalizing Economic Relations with China," and Kenneth Lieberthal's "WTO, MFN, and U.S.-China Relations."⁶² Lampton argues that the annual debate over MFN has become the fruitless dialogue between Congress and the President on China policy. Besides, the process "has produced virtually no discernible change in Beijing's policies." He then suggests "granting permanent MFN status in the context of China's accession to the World Trade Organization (WTO)."⁶³

When U.S. Congress was reviewing China's PNTR status around May 2000, think tanks including the Heritage Foundation, the Brookings, the CSIS and the AEI released reports to support granting China PNTR status. The Heritage Foundation published a report titled *How to Trade with China Benefits Americans*, which claims that granting China PNTR is "good policy" because it "will afford many benefits to Americans," including (1) increase "access to China's large potential market" and safeguarding U.S. commercial interest; (2) helping "integrate China into the world's economic system and create the conditions that empower the people of China to seek additional freedom and democracy;" and (3) promoting U. S. national interests, maintaining U.S.-China relations and peace and stability of the Asia-Pacific region, which is one of "America's key strategic interests."⁶⁴

⁶¹Wang Fa'en, "Mei xuanbu jiyu zhongguo yongjiu zhengchang maoyi guanxi diwei: zhongguo biaooshi huanying" [US Announced to Grant China PNTR Status: China Welcomed It], *Xinhua meiri dianxun* [Xinhua Daily Telegraph], December 29, 2001, 003.

⁶²Report by The National Bureau of Asian Research, "Promoting U.S. Interests in China: Alternatives To The Annual MFN Review," *The NBR Analysis*, Volume 8, No. 4, 1997, see also <http://www.nbr.org/publications/analysis/pdf/vol8no4.pdf>.

⁶³Ibid.

⁶⁴Stephen Yates and Larry Wortzel, "How to Trade with China Benefits Americans," *Backgrounder*, Heritage Foundation, No. 1367, May 5, 2000.

In an article titled “Permanent Normal Trade Relations for China,” Nicholas Lardy argues that granting China PNTR “is strongly in the U.S. national interest for several reasons.” First, denying China PNTR status would not impede China’s accession to the WTO. But it means that U.S. firms “would not benefit from most of the sweeping market opening measures to which China agreed in the November 1999 bilateral agreement.” Granting PNTR, however, would provide the United States with as the same opportunities as its European and Japanese competitors, most notably in financial services, telecommunications and distribution. Second and even more importantly, “the failure of the U.S. Congress to grant PNTR to China would undermine the position of reformers in China.” Third, failure to do so would “significantly undermine the position of our negotiators in the final stage of China’s entry to the World Trade Organization.” And lastly, a “positive vote would strengthen bilateral economic relations more generally.” He also refutes those people who were deeply concerned about granting PNTR to China.⁶⁵

The Cato Institute also issued a wide range of reports supporting PNTR legislation. When the United States and China reached an agreement on China’s entry to the WTO in 1999, James Dorn, China specialist at the Cato Institute, argues in an article, “the battle for Congressional support is about to begin.” “China can enter the WTO without a vote by Congress, provided two-thirds of the 135 member nations support accession. But Congress must grant China permanent normal trade relations. If it does not, the stunning market-access benefits in the recent accord will flow to other nations, but not to the United States.” He argues, “Congress should repeal Jackson-Vanik, join the EU and Australia in ending the non-market economy methodology for China, and make sure the WTO protocol is consistent with free-trade principles.” “Until the schizophrenic treatment of China ends, the symbol of the United States as the world’s champion of freedom must be questioned,” Dorn asserts.⁶⁶ Mark Groombridge, Research Fellow at the Cato Institute’s Center for Trade Policy Studies, provides a detailed explanation of the reasons to support PNTR in an article in April 2000. The article argues that PNTR can help pro-reform leaders in China move their country in a market-oriented direction. “Granting PNTR and China’s subsequent accession to the World Trade Organization will benefit, not only the United States and the world trading community, but most directly the citizens of China.” Besides, it will enable U.S. companies to “take full advantage of the market access provisions that China has agreed to adopt in order to comply with WTO rules and obligations.” Otherwise, The United States cannot catch the opportunity and give it to competitors in Europe and Japan. Congressional annual debate on whether to extend normal trade relations is not an “effective tool for influencing China’s long-term behavior,” Groombridge claims. “As a member of the WTO, China will be subject to a multilateral dispute settlement process that is

⁶⁵Nicholas Lardy, “Permanent Normal Trade Relations for China,” *Policy Brief*, Brookings Institution, No. 58, May 2000.

⁶⁶James A. Dorn, “China’s Coming Battle with Congress.” This article appeared in the *Journal of Commerce* on November 24, 1999, and the *Korea Economic Weekly* on November 29, 1999, <http://www.cato.org/publications/commentary/chinas-coming-battle-congress>.

likely to be far more effective than sanctions imposed unilaterally by the United States.”⁶⁷ Doug Bandow, senior fellow at the Cato Institute, argues that freer trade is likely to advance human rights and boost business profits in an article titled “Trade with China: Business Profits or Human Rights” published in May when Congress was debating over China’s PNTR status. He believes that extending PNTR to China and making China a member of the WTO would push China’s economic reform. Beijing has begun revamping the baking sector and planning to relax investment and trade controls, and Chinese companies are maneuvering to better meet anticipated international competition. “Everyone wants a freer, more democratic China,” Bandow says. “Granting PNTR to Beijing would make that more likely.”⁶⁸

Some think tanks hosted conferences and seminars to shed more light on the issue. In the context of the forthcoming Congress vote on PNTR for China, the CFR invited Democratic Senator Max Baucus from Montana to discuss the issue on May 1, 2000. Baucus had been a supporter for trade relations with China on the issues including China’s MFN and PNTR status since the administration of George Bush. He took the advantage of this chance to explain why the United States should renew PNTR status to China. Granting China PNTR status and allowing it to enter the WTO smoothly—treating China with respect—will help to integrate China into the global society and provide Washington more chances to encourage China’s reform, despite many uncertainties. By contrast, without PNTR with China, “the uncertainties are even greater.” Except for business loss, it will “strengthen the hard-liners’ hands.” In order to get the PNTR bill passed, Baucus suggests educating the public and also members of Congress the importance of the issue for U.S.-China relations.⁶⁹ On May 5, 2000, headed by the CFR, Eight U.S. think tanks were participated in a hearing discussion of China’s PNTR. Famous China experts from think tanks, including the Nixon Center, the Heritage Foundation, the IIE, the Brookings, the New America Foundation, and representatives of automobile and some companies were invited to address these themes. Notable persons including Michael Amarcost, president of the Brookings, Fred Bergsten of the IIE, John Hamwrath of the CSIS, Edwin Feulner of the Heritage Foundation, Jessica Matthews, president of the Carnegie, James Thompson, president of the RAND, Dimitri Sans, president of the Nixon Center, and James Schlesinger, president of the Nixon Center Advisory Council and former U.S. Secretary of Defense were present. Congressman Sander Levin chaired the discussion and House Republican Congressman Philip Crain gave a speech. At the very beginning of the discussion, CFR president Leslie Gelb delivered an address, considering the discussion to be

⁶⁷Mark Groombridge, “China’s Long march to a Market Economy: The Case for Permanent Normal Trade Relations with the People’s Republic of China,” *Trade Policy Analysis*, No. 10, April 24, 2000.

⁶⁸Doug Bandow, “Trade with China: Business Profits or Human Rights?” *Copley News Service*, <http://www.cato.org/publications/commentary/trade-china-business-profits-or-human-rights>.

⁶⁹Max Baucus, “Why PNTR for China can’t fail,” May 1, 2000, <http://www.cfr.org/asia-and-pacific/why-pntr-china-cant-fail/p3647>.

“important and historic” because participants were “talking not only about WTO status for China or permanent trading relations for China with the United States, but the future of strategic relationship between our country and another major power.” Gelb stressed that “this an educational exercise for the American people” but “not a lobby event.”⁷⁰

Some other think tank senior fellows gave testimonies at hearings before Congress. Bates Gill, director of Brookings’ Center for Northeast Asia Policy Studies, testified at a hearing before the Senate Committee on Foreign Relations and analyzed the implications of PNTR for U.S. national security in July 2000. First, he analyzes the complexities of U.S.-China relations, holding that “complex problems call for complex tools” and should not be simplified. Gill contends that “maintaining a stable relationship with China” with “diverse, flexible and sharpened set of tools” could achieve U.S. national security interests. He then summarizes U.S. security policy toward China with a special reference to the policy that works and does not work. Lastly, Gill outlines some recommendations for future U.S. security policies toward China. First, Washington should adopt “a continuing engagement approach” that “leavened with greater pragmatism” so as to shape “favorable directions in Chinese domestic, foreign, and security policies” in the context of expecting U.S. “security-related relationship with China to enter a more complex and difficult period.” Second, greater “intelligence and analytical resources” are demanded toward a better understanding of China. Third, Washington needs to fully consider the modernization of China’s strategic weapons when deploying its national missile defense plans.⁷¹

Undoubtedly, not all think tanks showed their support for granting China PNTR. The EPI, for example, persistently voiced its opposition against the policy. Before Congress was about to debate over the issue, EPI research fellows including Robert Scott, Jeff Faux, and James Burke published many issues of reports in the first half of 2000, such as *The High Cost of the China-WTO Deal: Administration’s own analysis suggests spiraling deficits, job losses*, *PNTR with China: Economic and political costs greatly outweigh benefits*, *U.S. investment in China worsens trade deficit*, *China and the States—Booming trade deficit with China will accelerate job destruction in next decade*, and *Job losses under the China-WTO proposal*. They opposed the Clinton administration to reach agreement with Beijing on China’s entry to the WTO, arguing that the loss outweighs the gain and would lead to increasing job losses.⁷²

⁷⁰Council on Foreign Relations, “China’s Bid for Permanent Normal Trade Relations: A Hearing on the Debate,” May 5, 2000, <http://www.cfr.org/asia-and-pacific/chinas-bid-permanent-normal-trade-relations-hearing-debate-transcript/p3641>.

⁷¹Bates Gill, “Hearing on Giving Permanent Normal Trade Relations to China: National Security Implications,” Senate Committee on Foreign Relations, July 18, 2000.

⁷²Robert E. Scott, “The High Cost of the China-WTO Deal: Administration’s own analysis suggests spiraling deficits, job losses,” February 1, 2000; Jeff Faux, “PNTR with China: Economic and political costs greatly outweigh benefits,” April 1, 2000; James Burke, “U.S. investment in China worsens trade deficit,” May 1, 2000; Jeff Faux, “50 Lost Opportunities: Commerce

In May 2000, EPI senior fellow Robert Scott published a paper, arguing against the “opportunity reports” issued by the Clinton administration. He alleges that these “reports not only fail to provide a single estimate of the jobs to be gained in any of the states, they also totally disregard the role of imports in trade.” He warns that granting PNTR to China would bring about three consequences. First, the “absolute level of the U.S. trade deficit with China will increase by at least 80% between 1999 and 2010, resulting in the elimination of 872,091 jobs during the next decade, even if U.S. exports to China grow more rapidly than imports from that country.” Second, “Every state will suffer significant net job losses over the next decade, as U.S. trade deficits expand.” California, Texas and Pennsylvania are the top three states that suffer job losses most. Third, “Every industry in the United States will lose jobs due to increased trade deficits, including agriculture and other natural resources” and particularly manufacturing. “The United States deserves a better deal,” argues Scott. “This proposed trade pact does not solve the current U.S. trade problem with China and will, in fact, make matters worse.” “By abandoning Congress’ annual review of trade relations with China,” he adds, “the United States is forever sacrificing all other means for dealing with this problem, leaving the weak WTO dispute resolution system as the only mechanism for addressing trade problems.”⁷³

James Burke had a report published on the same day as Scott did. The report argues that one of the most important impacts by the negotiated trade pact—that paves the way for China’s entry to the WTO—is causing more capital inflow to China. U.S. multinational forms invest in China to conduct export-oriented production and then export these cheap products to the United States and other industrial countries. To a great extent, this results in a greater U.S. trade deficit with China. Put differently, the “rapidly growing U.S. trade deficit with China is directly linked to the growth of multinational firms operating in China.” Chinese workers are more competitive than their U.S. counterparts due to “the much cheaper labor” and “poorly protected workforce” in China.⁷⁴ Jeff Faux also published a report that analyzes the trade and investment pact reached by the Clinton administration and Beijing from political and economic perspectives. The report argues that the economic and political costs of PNTR with China greatly outweigh benefits and “the net impact on U.S. employment and domestic business is likely to be negative

(Footnote 72 continued)

Department state—level review of supposed gains from China trade bet,” May 1, 2000; Robert E. Scott, “China and the States—Booming trade deficit with China will accelerate job destruction in next decade,” May 1, 2000; Robert E. Scott, “Job losses under the China-WTO proposal,” May 24, 2000. These articles are available at <http://www.epi.org>.

⁷³Robert E. Scott, “China and the States—Booming trade deficit with China will accelerate job destruction in next decade with losses in every state,” *Briefing Paper*, May 2000, http://www.epi.org/publication/briefingpapers_chinastates_chinastates/.

⁷⁴James Burke, “U.S. investment in China worsens trade deficit,” *Briefing Paper*, May 1, 2000, http://www.epi.org/publication/briefingpapers_fdi_fdi/.

rather than positive.” Moreover, drawing from U.S. recent experiences in Russia and Mexico, “the claimed geopolitical benefits of this trade agreement are less than credible.” Faux warns that to “deny America its one non-military instrument of leverage in exchange of limited financial benefits that would go to a few multinational investors is a risky and irresponsible policy.”⁷⁵

After discussions and debates in the 1990s, a growing number of people realized that imposing pressures on China with regard to MFN status could not achieve the goal that the United States wanted. Rather, these hardline approaches backfired. In the meantime, as China grew rapidly in both economical and political terms, the United States was of significance to China’s political, economic and security interests. Therefore, it had become the mainstream perception for Washington to think beyond the MFN issue. In this context, opponents such as the EPI were finally overwhelmed by a vast majority of proponents. Despite the fact that some members of Congress expressed similar opposing opinions, the PNTR bill was still passed in Congress, particularly in Senate with a huge majority.

Similar to disputes over China’s PNTR status, Americans were divided on China’s accession to the WTO. Just as the CSIS comments, “Chinese membership of the WTO has long been a controversial issue.”⁷⁶ U.S. think tanks discussed the implications of China’s entry to the WTO for both U.S. national interests and international economic system from various angles. The mainstream position held by think tanks was to support China’s efforts to join the WTO.

Nicholas Lardy published an article titled “China and the WTO” in 1996. The article sets forth the importance and necessities of a policy of comprehensive engagement from economic perspective. Lardy stresses that the approach that uses China’s desire to become a member of the WTO as “a lever to force far-reaching changes in China’s trade regime” is “unfair” and “runs the risk.” Excluding China from the WTO would “be undesirable for the future of the world trading system, China’s economic evolution, and the U.S.-China relationship.” China’s entry to the WTO would serve U.S. national interests because the “protocol governing China’s membership would not only provide for eliminating nontariff trade barriers and further reducing tariffs,” but also require that “such steps be taken on a specific schedule.” “Just as significantly, bringing China into the WTO would provide a way for the United States to address inevitable trade frictions on a multilateral rather than a purely bilateral basis.” In consequence, the United States could continue to trade with China through multilateral channels. At the same time, it could

⁷⁵Jeff Faux, “PNTR with China—Economic and political costs greatly outweigh benefits,” *Briefing Paper*, April 1, 2000, http://www.epi.org/publication/briefingpapers_pntr_china/.

⁷⁶John Hillery and Niccolo Pantucci, “The U.S. Escalates Its WTO Complaint against China,” *CSIS Commentary*, August 31, 2007, https://csis-prod.s3.amazonaws.com/s3fs-public/legacy_files/files/media/csis/pubs/070831_chinawto.pdf.

ease tensions in economic and political relations with China and avoid losing the huge Chinese market due to their bilateral trade frictions.⁷⁷

Greg Mastel, vice president of the Economic Strategy Institute, once wrote an article by claiming that leaving China and other communist countries outside the WTO “risks calling into question its credibility as a world trade organization,” as China may after all be the world’s largest economy early in the next century. Bringing all these countries into the WTO, however, could pose greater risks, says Mastel. One simple fact is that China and Russia among others “remain largely nonmarket economies.” In that event, “the United States should not allow itself to be forced into a take-it-or-leave-it decision” and “must seek more flexible and effective options than a simple yes-or-no decision.”⁷⁸

China eventually gained its WTO membership in December 2001. The CFR in October issued a report titled *Beginning the Journey: China, the United States, and the WTO*. Its central finding is that both the United States and China “will run risks” as Beijing moves ahead with WTO, but the “potential payoffs for both countries are well worth it.” The report also indicates “increased trade and investment will provide considerable economic benefits to both nations and thereby improve overall Sino-American relations, thus creating a better context for managing security and human rights issues.” Besides, it also warns “China’s transition into the WTO poses significant challenges for both China and the United States.” For Chinese leaders, “the chief challenge is how to manage the tension between maintaining their power and accommodating the social and political pressures arising from continued economic reform.” For the United States, “the risk lies in a political backlash if China’s entry to the WTO does not produce quick benefits to American workers and industry and if China’s trade surplus with the United States grows too rapidly.” Furthermore, the report discusses possible problems during the transition period but explains ways to resolve difficulties through cooperation. The ways include measures outside of the WTO process, such as building mutual confidence with an agreed agenda of “early harvest” accomplishments in key sectors like agriculture and information technologies; removing impediments to the renewal of U.S. trade and technical assistance to China; and developing mechanisms for “resolving mutual disputes outside the WTO process to avoid overloading the WTO.” Members of the report include Robert Hoemats, Vice Chairman of the RAND, Elizabeth Economy, senior fellow at the CFR, and Kevin Nealer, senior fellow at the Forum for International Policy, a Washington-based think tank.⁷⁹

While the conservative Heritage Foundation supported for free trade and China’s accession to the WTO in principle, it had long been pro-Taiwan. The foundation’s Robert Quinn supports Taiwan to take the lead to be a member of the WTO,

⁷⁷Nicholas Lardy, “China and the WTO,” *Brookings Policy Brief Series*, No. 10, November 1, 1996, <https://www.brookings.edu/research/china-and-the-wto/>.

⁷⁸Greg Mastel, “The More Important Debate,” *Washington Post*, June 24, 1997.

⁷⁹Robert D. Hoemats, Elizabeth C. Economy and Kevin G. Nealer, “Beginning the Journey: China, the United States, and the WTO,” Report of an Independent Task, Sponsored by the Council on Foreign Relations, 2001, 4.

disregarding Taiwan's membership in the WTO being held hostage to PRC's membership. "Once Taipei meets the WTO's standards, it should be allowed to join." Quinn maintains that Taiwan's WTO membership would "contribute to the overall goal of trade liberalization in the Asia Pacific region."⁸⁰

Similar to the issue of China's PNTR status, Americans held diverse positions on China's membership in the WTO. The EPI had been a strong opponent. When giving testimonies at a hearing before the Senate Finance Committee in September 1998, Robert Scott of the EPI stated some bad consequences—including "destroying jobs, depressing wages, hurting our competitiveness and contributing to the stagnation of real incomes"—resulted from U.S. trade deficits. By quoting one of EPI's reports, Scott predicts "the net indebtedness of the U.S. will exceed \$2.1 trillion within four years." He then makes several suggestions, including (1) devaluing the dollar against key currencies such as the yen and the RMB; (2) coordinating macroeconomic policies with Japan and Europe; (3) attacking barriers to U.S. exports and other policies and business practices that bring "dumped and subsidized products into the U.S. market;" and (4) promoting international labor rights and environmental standards, through "aggressive agreements that are enforceable with trade sanctions, in the WTO." Scott also recommends taking actions against currency manipulation and mercantilist deeds by some countries. He highlights, "China should not be allowed to enter the World Trade Organization until it removes all nonconforming barriers to imports, both formal and informal."⁸¹ In May 1999, Scott argues in an article that an accession agreement between the Clinton administration and Beijing "would be harmful to workers in both the United States and China." He points out three reasons accounting for this argument. First, "China is not yet ready to join the WTO." "Its state-controlled economic system is protectionist, exploits labor, and represses human rights." Second, "Chinese government's trade policies deliberately target U.S. markets." According to 1997 IMF data, only 10% of China's imports came from the United States while more than one-third of its exports went to America. Third, those claims of "great benefits from bringing China into the WTO are based on wishful thinking." "The WTO deal outlined by the U.S. trade representative in April would primarily benefit U.S. companies that invest in China while harming workers in both countries." Scott then indicates that the United States can surely negotiate with China to work out "a better deal." "We should (1) oppose China's WTO membership until China agrees to include enforceable labor rights and environmental standards as core elements of the agreement; (2) assure that the agreement delivers quantifiable commercial benefits; and (3) require that it incorporate a clearly defined multilateral

⁸⁰Robert P. O'Quinn, "Rescuing the Asia Pacific Trade Summit," *Backgrounder*, Update No. 264, November 15, 1995, <http://www.heritage.org/research/reports/1995/11/rescuing-the-asia-pacific-trade-summit>.

⁸¹Robert E. Scott, "U.S. Trade Deficits: Causes, Consequences, and Policy Implications," Testimony by Robert E. Scott, Senate Finance Committee, June 11, 1998, <http://www.epi.org/publication/trade-deficits-consequences-policy-implications/>.

mechanism for enforcement.”⁸² Before the vote in Congress on China’s PNTR status, Scott argues in May 2000 in an article that the agreement between the two countries on China’s WTO membership “will accelerate job destruction in next decade with losses in every state.” If Congress approves China’s PNTR, the trade deficit between the two countries in the ten years to come will expand, resulting in “sizeable job losses in every state and in virtually every sector of the economy.” “The absolute level of the U.S. trade deficit with China will increase by at least 80% between 1999 and 2010, resulting in the elimination of 872,091 jobs during the next decade.”⁸³

On December 11, 2001, China was admitted to the WTO as the 143rd member after the fifteen-year-long painstaking negotiations. As a latecomer to the international economic system, China has already contributed greatly to the world economy and market. Besides, it plays an increasingly important role in global order. With the advent of China’s accession to the WTO, the bilateral trade between China and the United States has been on the rapid increase and China has become U.S. fastest growing export market abroad. “U.S.-China economic ties have expanded substantially over the past three decades,” says the 2011 report by Congressional Research Service, and “total U.S.-China trade rose from \$2 billion in 1979 to \$457 billion in 2010.”⁸⁴

3.4 Think Tanks and U.S.-China Economic and Trade Relations in the New Century

3.4.1 U.S. Trade Deficit with China

In the post-Cold War era, China-U.S. economic and trade relations becomes more interdependent despite the fact that they are sometimes bothered by domestic political factors. China was U.S. tenth largest trading partner in 1990, and now the two countries are each other’s second largest trading partners. There are nevertheless some problems facing the two countries’ bilateral trade, among which U.S. trade deficit with China has been a long debated issue and becomes the source of many frictions.

According to Chinese trade statistics, China has run a bilateral trade surplus with the United States since 1993. But U.S. data suggest that the trade surplus began ever since 1983. Moreover, they also reveal that China—following closely after

⁸²Robert E. Scott, “China Can Wait: WTO accession deal must include enforceable labor rights, real commercial benefits,” *Briefing Paper*, May 1, 1999, http://www.epi.org/publication/briefingpapers_china/.

⁸³Robert E. Scott, “China and the States,” *Briefing Paper*, May 2000, http://www.epi.org/publication/briefingpapers_chinastates_chinastates/.

⁸⁴Wayne M. Morrison, *China—U.S. Trade Issues*, CRS Report for Congress, August 4, 2011, RL33536, p. 1.

Japan—became the second largest country that enjoyed trade surplus with the United States in the 1990s. China's trade surplus exceeded Japan in 2000 and turned to be the largest trade surplus country. Washington has a wide trade deficit with Beijing if one assesses merely from trade statistics.

Growth of Trading Volume between China and US, 2001–2010 (Unit: 100 million U.S. Dollar)⁸⁵

Year	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Export to China	192	221	284	347	418	552	652	715	696	919
Changes (%)	18.3	14.7	28.9	22.2	20.5	32.0	18.1	9.5	-2.6	32.1
Import from China	1023	1252	1524	1967	2435	2878	3215	3378	2964	3649
Changes (%)	2.2	22.4	21.7	29.1	23.8	18.2	11.7	5.1	-12.3	23.1
Total (Export + Import)	1215	1472	1808	2314	2853	3430	3867	4092	3660	4568
Changes (%)	4.5	21.2	22.8	28.0	23.3	20.2	12.8	5.8	-10.6	24.8
Trade deficit with China	830	1031	1240	1620	2016	2326	2563	2663	2268	2731

Owing to different statistical approaches, the United States and China have long had discrepancies in their bilateral trade figures. According to trade statistics by the United States, its trade deficit with China is much wider than that according to Chinese statistics.⁸⁶ The gap is widening as their volume of trade is rapidly increasing. Except for the fact exports are computed by free-on-board prices and imports at C.I.F. prices, the main reason of statistical differences between the two countries is whether transit trade is added to their trading volume or not. Put differently, whether they calculating imports and exports trade volume according to places of origin accounts for their statistical discrepancies. Chinese statistics do not completely include the value of transit trade to its counterpart through export via a third party, such as the value of transit trade to the United States from the mainland via Hong Kong. But U.S. statistics add trading volume of re-imports via third parties to the United States. When measuring the value of trade of exports to China, the United States computes only its products that are directly exported to the mainland and does not count in those transited through third parties such as Kong

⁸⁵Compiled by the United States-China Business Council according to data provided by the U.S. Department of Commerce and the United States International Trade Commission, <http://www.uschina.org/statistics/tradetable.html>.

⁸⁶According to trade statistics by China, the trade volume between China and US had increased from \$27.7 billion to \$262.7 billion and China's trade surplus increased from \$6.3 billion to \$144.3 billion from 1993 to 2006. According to U.S. trade statistics, however, the trade volume had increased from \$40.3 billion to \$343 billion and U.S. trade deficit increased from \$22.8 billion to \$232.6 billion, during the same period. Quoted from *Report on the Statistical Discrepancy of Merchandise Trade between the United States and China* (Ministry of Commerce of People's Republic of China, Department of Commerce and Office of the U.S. Trade Representative, United States of America, October 2009).

Hong to the Chinese mainland. In order to resolve the statistical discrepancies on trading volume, the two countries held a series of consultations and discussions. In 1994 the eighth China-U.S. Joint Commission on Commerce and Trade (JCCT) established a statistical group to do a joint research. In 2004 the fifteenth JCCT established a trade statistical working group to conduct research and held discussions, and issued a *Report on the Statistical Discrepancy of Merchandise Trade between the United States and China* in October 2009. By comparing with the bilateral merchandise trade statistics by China and the United States in 2000, 2004 and 2006, people will find that the discrepancies of bilateral trade statistics are gradually diminishing when eliminating the influence of an expanded trade scale between the two countries. According to trade statistics by the United States, U.S. exports to China was \$103.87 billion and imports from China was \$399.33 billion, and its trade deficit with China was \$295.46 billion in 2011.⁸⁷ But the Chinese statistics indicate that China-U.S. trading volume was \$447.7 billion in the same year and U.S. exports to China was \$122.2 billion, with year-on-year growth of 20%.⁸⁸ In other words, U.S. trade deficit with China was \$324.5 billion during the same period.

A wide range of factors contributes to China-U.S. trade imbalance. The first factor is the industrial transfer in East Asia. In this process, China gradually replaced the region's trade surplus with the United States. It is worth noting that foreign direct investment and materials for processing by multinational corporations in China covered the essence beneath the figures in the surface. In view of national security or intellectual property protection, the United States refused to relax export control towards China. In particular, controlling the export of high-tech products to China has been an important factor. Furthermore, Americans' life style characterized by low saving and high consumption is the root cause of the widening trade deficit.⁸⁹

⁸⁷See statistics by U.S. Census Bureau at <http://www.census.gov/foreign-trade/balance/c5700.html#1991>.

⁸⁸*Xinhuanet*, "Shangwubu: 2011 nian zhongqi zai mei zhijie touzi wei 60 yi meiyuan" [Ministry of Commerce of PRC: Chinese enterprises direct investment in US is \$6 billion in 2011], <http://finance.chinanews.com/cj/2012/02-12/3661846.html>.

⁸⁹Chinese scholars have published widely with regard to China-U.S. trade imbalance. See Yin Xiangshuo and Wang Ling, "Zhongmei maoyi bu pingheng zhong de dongya yinsu" [East Asia Factor in China-U.S. Trade Imbalance], *Yantai jingji* [Asia-Pacific Economic Review], No. 1, 2004; Shi Lei and Kou Zonglai, "Meiguo de maoyi niche ji zhongmei maoyi macha chengyin tanxi" [An Analysis of the Causes of the US Trade Deficits and the Sino-US Trade Friction,] *Fudan Journal* (Social Sciences Edition), No., 2004; Shen Guobing, "Maoyi tongyi chayi yu zhongmei maoyi pingheng wenti" [Trade Statistical Discrepancies and U.S.-China Trade Balance Issues], *Jingji yanjiu* [Economic Research Journal], No. 6, 2005; Kang Meiling, "Zhongmei maoyi bu pingheng yuanyin fenxi" [An Analysis of China-U.S. Trade Imbalance], *Shijie jingji yanjiu* [World Economy Studies], No. 4, 2006; Lin Feiting, "Zhongmei maoyi bupingheng zhenglun de wenxian zongshu" [Literature Review on Sino-U.S. Bilateral Trade Balances], *Guoji maoyi wenti* [Journal of International Trade], No. 5, 2007; Fu Qiang and Zhu Zhuying, "Mei zaihua zhijie touzi dui zhongmei maoyi buingheng de yingxiang" [A Study on the Impact of US FDI on China to the Two Countries' Trade Imbalances,] *Guoji maoyi wenti*, No. 7, 2008.

It is needless to say that China-U.S. trade imbalance is caused by various elements. Statistics and numbers per se cannot explain all problems. U.S. domestic politics, together with the rapidly growing trade imbalance, however, further intensify frictions between the two countries. Their trade imbalance had already become a debate topic of MFN status in U.S. Congress in the 1990s. In the new century, U.S. trade deficit with China became more serious particularly after China joined the WTO. On the one hand, China's international leverage is on the increase. Chinese economy continues to grow exponentially and its trade surplus with the United States is still growing. At the same time, China becomes the largest foreign currency reserve holder. It also accumulates a large amount of U.S. treasury securities. On the other hand, Washington is suffering from a worse financial situation and piling up foreign debt. Americans felt more imbalanced particularly when comparing with their Chinese counterparts. In that event, the United States imposed greater pressures on China. U.S. gloomy economy and high unemployment in recent years have strengthened Americans' determination to exert pressure on China. When the bilateral trading volume grows, China-U.S. trade frictions grow too.

U.S. trade deficit with China draws a lot of attention in American society and a diversity of political forces interprets the issue from various angles. Some assert that China's unfair trade measures—including imposing barriers artificially to market access, devaluing its currency value, low wages of Chinese workers, and lack of protection of laborers in the country—contribute to U.S. trade deficit. Others hold that the mercantilist China provides export subsidies and restricts imports. They argue that U.S. trade deficit with China is the main reason explaining job losses in domestic manufacturing. Therefore, some of them recommend Washington to impose greater pressure on Beijing regarding market access, RMB exchange rate and intellectual property rights protection.

However, industrial and business groups that advocate developing trade relationship with China emphasize its significance. They contend that it is imperative to rationally face problems arising from U.S.-China trade relations. According to the report released in March 2011 by the U.S.-China Business Council, “total US exports to China rose 542%, from \$16.2 billion to \$103.9 billion” between 2000 and 2011. Meanwhile, the total U.S. exports to the rest of the world increased only 80%. China was then the largest export market of the United States except Canada and Mexico. “Exports to China are vital to America's economic health and create good jobs for American workers,” argues the report.⁹⁰

Some economists of think tanks provide rational analyses of U.S. trade deficit with China. In an article published in 2003, Daniel Griswold, director of the Cato Institute's Center for Trade Policy Studies, argues against the EPI's viewpoint that

⁹⁰The US-China Business Council, “US Exports to China by State: 2000–11,” www.uschina.org/public/exports/2000_2011/full_state_report.pdf.

U.S. trade deficit results in job losses.⁹¹ In October 2005, Julia Lowell, International Economist at the RAND, contends in a commentary that the points that “U.S.-China trade is benefiting China at American expense don’t hold up on close examination.” “Concerns over U.S.-China trade deficit are overblown.” As she notes, “merchandise trade balances don’t take into account cross-border trade in services, where U.S. surpluses with China are steadily increasing.” “As China continues to develop, it will spend more money in areas such as tourism, insurance and business and financial services—all areas where American companies are highly competitive.” “Recent research has shown that official U.S. estimates of America’s trade deficit with China are overstated,” she adds. Taking another two factors—“the measurement of costs associated with shipping” and “the treatment of China’s trade through Hong Kong”—into account, the true U.S.-China merchandise trade deficit is slightly less than 75% of the official U.S. estimates. In addition, considering the structure of Chinese export industries, one should not over-concerned over U.S.-China trade deficits, as more than 55% of Chinese exports consist of processed goods assembled from imported parts and components to China and their added value is quite low. Trade between the two countries is a “classic example of comparative advantage.” Therefore, the United States cannot blame China for domestic job losses in manufacturing. Lowell makes a suggestion that in deciding what trade policies make sense for America, “the nation’s leaders need to objectively research and analyze the situation so they can determine the wisest course.” She believes that “there need not be a winner and a loser” in trade between the United States and China. “Both nations and their citizens can be winners.”⁹²

Quite similar to the above-mentioned analyses, Daniel Griswold points out that “it’s a mistake to see China as a monolithic economic rival to the United States.” While certain U.S. companies compete with producers in China, the reality is both “occupy different locations in an increasingly complex global supply chain.” Therefore, “U.S. companies are more likely to be collaborators than competitors with producers in China.” After analyzing U.S.-China cooperation of supply chains in a more globalized economy, Griswold suggests that losers from an outbreak of anti-China protectionism would be not only Chinese workers who assemble the final products, but also American consumers, workers and investors.⁹³

But there are also some think tanks scholars and experts pessimistically analyzing U.S.-China trade imbalance. The EPI’s Robert Scott might be a representative whose arguments are worth mentioning. Scott published an article titled “The Cost of Trade With China” in 1997. He alleges that U.S. trade deficit with China absorbed a vast majority of job losses and women and low-wage workers were hit

⁹¹Daniel Griswold, “The U.S. Trade and Jobs: The Real Story,” *Free Trade Bulletin*, No. 3, February 2003, Center for Trade Policy Studies, Cato Institute.

⁹²Julia F. Lowell, “Puts & Calls: Concerns Over U.S.-China Trade Deficit Are Overblown,” *Pittsburgh Post-Gazette*, October 30, 2005. See also <http://www.rand.org/commentary/2005/10/30/PPG.html>.

⁹³Daniel Griswold, “U.S.-China Trade a Collaborative Effort,” *The Washington Times*, January 26, 2011. See also <http://www.cato.org/publications/commentary/uschina-trade-collaborative-effort>.

hardest. Scott refers to “two primary causes” of U.S. trade deficit. The first one is “China’s complex set of formal and informal barriers to imports, complemented by numerous official discriminatory trade policies and by China’s failure to live up to its commitments under international trade agreements.” The second cause is the undervaluation of China’s currency. Following the model of export-led development practiced by Japan, Korea and Taiwan, China has been able to “accumulate immense foreign exchange reserves by intervening to depress the value of its own currency.”⁹⁴ When giving testimonies at a hearing before the Congressional Steel Caucus on June 19, 2009, Scott sates that U.S. steel industry has lost over 50,000 job since 2000. “Unfair trade practices by China and a number of other countries are responsible for a substantial share of growing international trade deficits,” he says. The low-cost Chinese steel industry threatened not only its counterpart in the United States directly, but also a wide swath of U.S. manufacturing ranging from auto and aircraft parts to machine tools, daily merchandizes, and products of industrial machinery. Meanwhile, China’s industrial expansion has been supported with vast, illegal subsidies from the government. Moreover, “China recently restored an export rebate program of 9% for many steel products, another direct and unnecessary subsidy to its exports.” In that event, Scott recommends the United States to make some measures including “aggressive enforcement of U.S. fair trade law” to tackle the challenges.⁹⁵ In another article in 2010, Scott claims that although U.S. trade deficit falls in 2009, large share of it goes to China. Blaming China for its “unfair trade practices including currency manipulation, export subsidies, widespread suppression of worker rights and wages, and tariff and non-tariff barriers to exports,” he suggests the United States “should take a leadership role in organizing an effort to end China’s currency manipulation and other unfair trade practices.”⁹⁶

The United Steelworkers Union submitted a trade case to the Office of the United States Trade Representative in September 2010 according to Section 301, and accused China of violating free trade rules of the WTO by subsidizing exports of clean energy equipment.⁹⁷ Robert Scott published a commentary immediately, in which he criticizes China on green technology trade and appeals to China to “play by the rules.” He points out that production of clean energy equipment had been in decline in the United States, which turned more to imports. On the contrary, “China has used widespread subsidies and other trade distorting practices to gain global dominance in a range of heavy industries.” “We cannot allow China to thwart the

⁹⁴Robert E. Scott and Jesse Rothstein, “The Cost of Trade With China,” *EPI Issue Brief*, No. 122, October 1, 1997, http://www.epi.org/publication/issuebriefs_ib122/.

⁹⁵Robert E. Scott, “The Status of the Steel Industry and U.S. Manufacturing,” Testimony in a hearing before the Congressional Steel Caucus, June 16, 2009, <http://www.epi.org/files/page/-/Scott%20Testimony%20061609.pdf>.

⁹⁶Robert E. Scott, “U.S. Trade deficit falls in 2009, but larger share goes to China,” February 11, 2010, https://www.epi.org/publication/international_picture_20100211/.

⁹⁷Keith Bradsher, “Union Accuses China of Illegal Clean Energy Subsidies,” *New York Times*, September 10, 2010, p. B1 of the New York edition.

rules of the global trading system and control the green industries of the future,” says Scott.⁹⁸

At the hearing on “Chinese State-owned Enterprises and U.S.-China Bilateral Investment” in 2011, Scott testifies that the growing U.S. trade deficits with China “cost the United States 2.4 million jobs between 2001 and 2008 alone,” of which more than two-thirds of jobs lost were in the manufacturing sector. So the “growing trade deficits with China are the greatest threat to the future health of U.S. manufacturing.” Foreign direct investment (FDI) has played a key role in the growth of China’s manufacturing sector. Scott argues that China has used a number of activist policies to attract FDI and to “maximize exports and other benefits received from these facilities.” Measures that China adopts include devaluing of the *yuan* and providing a large amount of illegal subsidies to its firms. He concludes his testimonies by recommending the United States to “adopt new policies to level the playing field between the U.S. and China.”⁹⁹

Scholars from U.S. think tanks had many rounds of heated debates over U.S.-China trade ties and U.S. jobs as well as currency exchange rate and trade deficit. In a 2010 report titled *Unfair China Trade Costs Local Hobs*, Scott maintains that “the growing trade deficit has been a prime contributor to the crisis in U.S. manufacturing employment” between 2001 and 2008. Besides, the United States is “piling up foreign debt, losing export capacity, and facing a more fragile macroeconomic environment.” According to him, “A major cause of the rapidly growing U.S. trade deficit with China is currency manipulation.” China intentionally makes the *yuan* “artificially cheap relative to the dollar, effectively subsidizing Chinese exports” and making U.S. goods less competitive. This leads to growing trade deficits, which then in return “have cost jobs in every Congressional districts.” Therefore, Scott argues that “the U.S.-China trade relationship needs a fundamental change.” The first important steps are addressing the “exchange rate policies and labor standards issues in the Chinese economy.”¹⁰⁰ This report has caused influential effect in the U.S. political field. Charles Schumer, Senator from New York, once uttered that 2.4 million jobs losses over the past seven years from 2001 to 2008 contributed to U.S. trade deficit with China. Schumer was actually drawing from Scott’s report.

Daniel Ikenson, senior fellow of the Cato Institute’s Center for Trade Policy Studies, however, puts forward different, if not opposing, ideas in an article appeared in the *Wall Street Journal*. “Although the Chinese currency appears to be undervalued, the evidence suggests that appreciation will not reduce the bilateral

⁹⁸Robert E. Scott, “China needs to play by the rules in green technology trade,” Commentary, September 14, 2010, http://www.epi.org/publication/china_needs_to_play_by_the_rules_in_green_technology_trade/.

⁹⁹Robert E. Scott, “Leveling the playing field in U.S.-China trade,” Testimony in Hearing on “Chinese State-Owned Enterprises and U.S.-China Bilateral Investment,” U.S.-China Economic and Security Review Commission, March 30, 2011, <http://www.epi.org/files/page/-/pdf/scotttestimony-chinesestateownedenterprises.pdf>.

¹⁰⁰Robert E. Scott, “Unfair China Trade Costs Local Jobs,” *Briefing Paper*, March 23, 2010, <http://www.epi.org/publication/bp260/>.

trade deficit.” He notes that the RMB rose 21% against the dollar between July 2005 and July 2008, but the trade deficit still increased to \$268 billion from \$202 billion during the same period. The relationship between currency and the trade deficit is “weaker than policy makers presume.” So is the relationship between the trade deficit and job loss. Ikenson holds, “EPI’s methodology is not taken seriously by most economists because it approximates job gains from export value and job losses from import value.” But it ignores the fact that imports also create or support jobs for the United States. Moreover, most of the value of products that the United States imports from China comes from “components and raw materials produced in other countries,” including the United States itself. By adding the value-added of products that assembled in China and the value from components and raw materials in other countries to the value of imports from China, U.S. trade deficits with China are thereby greatly overstated. In fact, imports from China provide jobs in the United States. Imposing tariffs on them would “penalize the non-Chinese companies and workers.” Ikenson considers these economic costs “that Congress and the president would inflict by imposing trade sanctions on imports from China.”¹⁰¹

Scott refuses to give in but insists that U.S. trade deficit hits U.S. manufacturing and causes job losses. And revaluation of the Chinese currency and appreciation of it could reduce the bilateral trade deficit. He concludes sharply that “it would be beneficial for the larger U.S. and Chinese economies” when “a 40% increase in the *yuan* may hurt the profits of multinational companies” of many Fortune 500 companies such as Amway, Apple Inc., Boeing, Intel, and Wal-Mart. “It’s time we put national interests before corporate interests.”¹⁰²

3.4.2 *RMB Exchange Rate*

China maintained a fixed-exchange rate between the RMB and U.S. dollar and other major currencies over a long period. The RMB exchange rate was once fixed at 2.5 *yuan* or 1.5 *yuan* per dollar, which obviously overvalued the value of Chinese currency. The exchange rate has fallen after China’s reform and opening up in the 1980s. It turned to 8.62 *yuan* per dollar in 1994 and had been steadily maintained at 8.27 *yuan* per dollar from 1997 to 2005. The RMB has been gradually appreciating against U.S. dollar since China’s currency exchange rate reform in 2005.

In the context of the increasing U.S. trade deficit with China, some American politicians began to shift their attention from market access, government subsidies, tariffs, intellectual property rights protection, and etc., to the RMB exchange rate. It gradually became a heatedly debated issue in the United States and more serious in U.S. political field as the trade imbalances between US and China widened.

¹⁰¹Daniel J. Ikenson, “China Trade and American Jobs,” *The Wall Street Journal*, April 2, 2010.

¹⁰²Robert E. Scott, “China trade and jobs, Responding to myths and critics,” *Commentary*, April 6, 2010, http://www.epi.org/publication/china_trade_and_jobs-responding_to_myths_and_critics/.

The eruption of U.S. financial crisis severely hit the U.S. economy, resulting in high unemployment and rise of protectionism. Besides, it exacerbated U.S.-China trade disputes and the RMB exchange rate issue loomed large. How to step out of the deep recession has been the first priority for Barack Obama when he assumed presidency in the White House. When delivering State of the Union address on January 27, 2010, President Obama set a new goal for the export promotion for doubling U.S. exports in five years, aimed at supporting two million jobs. Upon the release of the report, the RMB exchange rate issue became the focus of attention in America again. Some politicians criticized that the undervaluation of the RMB exchange rate was the major cause of U.S. trade deficit with China, which contributed to U.S. job losses.

A number of Americans share the view that “the Chinese jobs being preserved by an artificially low currency come at the expense of American jobs.” Generally there are three explanations for the argument. The first one is that “a stronger currency would increase the purchasing power of Chinese consumers and decrease the relative cost of American goods in China, spurring more Chinese to buy more American products.” The second is that “a stronger currency increases the relative cost of Chinese goods in third markets, like Europe or Latin America.” This would lead to consumers’ purchase of U.S. products instead of Chinese ones. Lastly, “a stronger currency would increase labor costs in China, making it less attractive for American companies to move jobs to China and thus keeping more people employed at home.”¹⁰³

Some interest groups doubled their efforts to lobby Congressional members and Congress also attempted to impose pressures through legislation. Some Congressional members had kept proposing bills directing against the Chinese currency exchange rate since 2005. Charles Schumer, Democratic Senator from New York, and Lindsey Graham, Republican Senator from South Carolina, introduced a new bill in Congress in April 2005. The bill allows for a 180-day negotiation period for China and the United States to revalue the Chinese currency. If the negotiations fail, then a penalty Tariff of 27.5% will be applied to all Chinese products imported to the United States. The bill was passed in May 2005 in Senate. House approved another similar bill in 2010. Although the two bills failed to pass in both Senate and House, Schumer and Graham along with some other fourteen Senators jointly introduced the *Currency Exchange Rate Oversight Reform Act of 2010* in March 2010, which was passed in Senate on October 11, 2011. At the same time, the administration began to complain that Chinese devalued the *yuan* so as to stimulate export and obtain huge trade surplus. Even though U.S. Department of the Treasury—either under the George W. Bush or Barack Obama administration—did not list China as “currency manipulator” in the biannual report to Congress, the U.S. government constantly exercised pressure on China. Washington asked

¹⁰³Mark Wu, “China’s Currency Isn’t Our problem,” *New York Times*, January 18, 2011, http://www.nytimes.com/2011/01/18/opinion/18wu.html?_r=0.

Beijing to reduce interventions of its currency and have the market to value it so that the RMB would have more space to appreciate.

The U.S. *Omnibus Trade and Competitiveness Act of 1988* requires the Treasury Secretary to provide semiannual reports on the international economic and exchange rate policies of U.S. major trading partners. These partners include China, Japan, South Korea, Eurozone and some other economies, whose total trade volume occupies 70% of U.S. foreign trade. According to the Section 3004 of this act, the Treasury Secretary must “consider whether countries manipulate the rate of exchange between their currency and the United States dollar for purposes of preventing effective balance of payments adjustments or gaining unfair competitive advantage in international trade.”¹⁰⁴ The George W. Bush administration did not perceive China as a currency manipulator. Nor did the Obama administration. On December 28, 2011, U.S. Department of the Treasury released the latest *Report to Congress on International Economic and Exchange Rate Policies*. The report criticizes China for its slow reform in currency exchange rate and argues that China has intended gaining unfair trade advantage in global market by artificially undervaluing its exchange rate. But it does not label China a currency manipulator. Instead, U.S. Department of the Treasury highlights the significance of Chinese market to U.S. economy. The report reveals that the RMB has appreciated by a total of 7.5% against the dollar since Beijing’s decision to allow a more flexible currency in June 2010. Taking into account the higher rate of domestic inflation in China than that in the United States, the RMB has appreciated against the dollar on “a real, inflation-adjusted basis by nearly 12% since June 2010 and nearly 40% since China first initiated currency reform in 2005.” Even so, the report asserts that the real exchange rate of the RMB is persistently “misaligned and remains substantially undervalued” because of “China’s long-standing pattern of foreign reserve accumulation, the persistence of its current account surplus and the incomplete appreciation of the RMB, especially given rapid productivity growth in the traded goods sector.” The report claims that it “is in China’s interest to allow the exchange rate to continue to appreciate” and the “lack of continued appreciation by China would prevent the exchange rate from serving as a tool to encourage consumption so as to maintain strong, sustainable growth.” It concludes, “Treasury will continue to closely monitor the pace of RMB appreciation and press for policy changes that yield greater exchange rate flexibility.”¹⁰⁵

Americans have reached somewhat consensus on the exchange rate of the RMB while diverse viewpoints can also be heard. Generally, a large number of economists share the view that the Chinese government manipulates its currency and not let market to value it. But Americans are divided on the reasonable exchange rate,

¹⁰⁴Omnibus Trade and Competitiveness Act of 1988 (H.R. 3), Sec. 3004. International Negotiations on Exchange Rate and Economic Policies, <https://www.treasury.gov/resource-center/international/exchange-rate-policies/Documents/authorizing-statute.pdf>.

¹⁰⁵U.S. Department of the Treasury Office of International Affairs, *Report to Congress on International Economic and Exchange Rate Policies*, December 27, 2011, <https://www.treasury.gov/resource-center/international/exchange-rate-policies/Documents/FX%20Report%202011.pdf>.

effects on U.S. trade deficit, countermeasures and approaches to influence China's policy change. Some believe that China keeps a close eye on the dollar so that it could gain unfair trade interests from U.S. consumers. However, some other economists assert that Americans' consumption habits and low savings contribute to U.S. trade imbalances.¹⁰⁶

Many think tanks provided theoretical analyses and policy recommendations for policy makers on the issue of the Chinese currency. They held seminars and discussions regarding Chinese exchange rate and U.S. trade deficit with China. In July 2006, Americans still remained divided on U.S.-China trade issues one year after China's reform of the exchange rate regime. Some critics contend, "China's *yuan* remains grossly undervalued, bestowing an unfair advantage on imports from China at the expense of U.S. producers." Others argue, "[Benefits] from trade with China far outweigh any concerns about its currency." This therefore gives birth to three policy recommendations. They are, namely, "doing nothing," "aggressive diplomacy," and "imposing steep tariffs on Chinese imports." The Cato Institute brought together three experts to discuss the Chinese currency at a policy forum under the name of "U.S.-China Trade, Exchange Rates, and the U.S. Economy" in July 2006. Except for the Cato Institute's Daniel Griswold, the forum invited two experts, Nicholas Lardy of the IIE and Frank Vargo of the National Association of Manufacturers. They discussed the status of reform in China, the impact of U.S.-China trade and exchange rates on U.S. economy, and U.S. economic policy toward China.¹⁰⁷

The PIIC maintains that the devaluation of the RMB has undoubtedly affected or even controlled the debate over the Chinese currency exchange rate. Fred Bergsten and Nicholas Lardy as well as some other experts explained China's currency undervaluation by publishing articles, receiving interviews and giving testimonies

¹⁰⁶After the Obama administration decided to delay the release of the annual report concerning whether China should be label as a currency manipulator, the Council on Foreign Relations hosted many experts to address relevant issues and published a report titled *Is China a Currency Manipulator?* in April 2010. Stephen S. Roach, Chairman of Morgan Stanley Asia, Albert Keidel, senior fellow of the Atlantic Council, CFR's Charles A. Kupchan and Sebastian Mallaby argues that the Obama administration is right to postpone its decision. Roach asserts that "using the Treasury report to influence China's currency policy would deny the United States' own role in creating global imbalances." Keidel argues that the United States "shares blame for imbalances" and "the notion that China manipulates its currency does not account for countervailing factors such as its partial peg to the euro and its declining trade surplus late last year." Mallaby and Kupchan suggest the United States to "work multilaterally to 'nudge China'" on China's manipulation of its currency. Alan Tonelson of U.S. Business and Industry Council and Fred Bergsten of the Peterson Institute for International Economics "both believe that China manipulates its currency, but they question China's response to the Treasury's postponement." Tonelson thinks "China will evade rebalancing if the United States does not both label it a manipulator and impose tariffs" while Bergsten "questions whether any independent effort by China to reevaluate its currency would go far enough." See Expert Roundup, "Is China a Currency Manipulator?" <http://www.cfr.org/china/china-currency-manipulator/p21902>.

¹⁰⁷"U.S.-China Trade, Exchange Rates, and the U.S. Economy," <http://cato.org/event.php?eventid=3009>.

before Congress. When testifying at a hearing before the Senate Committee on Finance in March 2006, Bergsten contends that U.S. trade deficit is related to currency and there is a space for “an increase of 20–40% in the value of the RMB.” He thinks that “China should adopt a more flexible exchange rate that will respond primarily to market forces” in the long term. He also suggests the United States to adopt new policy approach by taking advantage of Chinese President Hu Jintao’s upcoming visit to the United States in April. “One cardinal requirement,” he argues, “is for the administration and Congress to adopt a unified, or at least consistent, position.” They should avoid that one acts like a “good cop” while another a “bad cop.”¹⁰⁸ In a hearing before House Ways and Means Committee in March 2010, Bergsten makes clear that the Chinese RMB “needs to rise by about 20% on a trade-weighted average basis and by about 40% against the dollar.”¹⁰⁹ He claims that the Chinese authorities “buy about \$1 billion daily in the exchange markets to keep their currency from rising and thus to maintain an artificially strong competitive position.” So some neighboring countries also maintain currency undervaluation so as to avoid losing competitive position to China. This competitive undervaluation of the RMB is a “blatant form of protectionism,” he observes. It equals to subsidize all Chinese exports about 25–40% and “equates to a tariff of like magnitude on all Chinese imports.” In that event, he believes that the United States and other countries’ countermeasures should be regarded more exactly as anti-protectionism. According to Bergsten, “China’s exchange rate policy violates all relevant international norms” and makes an important contribution to U.S. trade deficit with China. Once the RMB were appreciated by 25 to 40%, then the current U.S. account deficit would be reduced \$100 billion to \$150 billion. Besides, the balance between imports and exports would also produce more jobs in the United States. Bergsten calls it “the most cost-effective step” to reduce the current unemployment rate in the United States. In spite of the fact that China appreciated its currency from July 2005, it is far from enough and Americans’ expectations of “a substantial increase in the value of the RMB is thus clear and overwhelming.” He then provides three recommendations for the administration. The first one is to label China a “currency manipulator” in the 2010 foreign exchange report to Congress. The second is to “seek a decision by the IMF ... to launch a ‘special’ or ‘ad hoc’ consultation to pursue Chinese agreement to remedy the situation promptly.” And the third one is to “ask the WTO to constitute a dispute settlement panel to determine whether China has violated its obligations” and “recommend remedial action.” Finally, Bergsten notes “China’s competitive undervaluation represents a

¹⁰⁸Fred Bergsten, “The US Trade Deficit and China,” Testimony before the Hearing on US-China Economic Relations Revisited, Committee on Finance, Senate, March 29, 2006, <http://www.iie.com/publications/testimony/testimony.cfm?ResearchID=611>.

¹⁰⁹Fred Bergsten quoted research findings by Peterson Institute for International Economics, and they are William R. Cline and John Williamson, “2009 Estimates of Fundamental Equilibrium Exchange Rates,” *Policy Brief* 09–10, June 2009; Morris Goldstein and Nicholas Lardy, “The Future of China’s Exchange Rate Policy,” *Policy Analyses in International Economics* 87 (Washington, DC: Peterson Institute for International Economics, July 2009).

subsidy to all exports and a tariff on all imports.” Thereby a “comprehensive response via the exchange rate” is required. As it takes unilateral actions, the United States also needs to use the most effective strategy on IMF and WTO dimensions.¹¹⁰ In an article appeared in the *Financial Times* in October 2010, Bergsten contends that China continues to manipulate the RMB to the extent that it is now undervalued by at least 20 per cent. He thus suggests a new policy instrument he calls “countervailing currency intervention” so as to force the RMB to appreciate against the dollar.¹¹¹ A new report by PIIE in November 2011 estimates that the appreciation of the RMB against the U.S. dollar has narrowed the undervaluation of the Chinese currency from 16% in April to 10.6% in late October while the dollar remains overvalued about 9%.¹¹²

Some other think tanks also share the same viewpoints that PIIE holds. Desmond Lachman, Fellow at the AEI, argues in a 2007 commentary that China’s currency is “grossly undervalued.” He blames U.S. Treasury Secretary Hank Paulson for doing nothing but “refuses to deem China a currency manipulator” so that “China’s trade surplus with the United States continues to grow like Topsy.”¹¹³ Christian Weller, senior economist at the Center for American Progress, who once worked at the Department of Public Policy of the AFL-CIO in Washington, D.C., publishes in more than 100 journals. The press frequently quotes his viewpoints and works. He is also a regular guest appearing on TV and radio programs.¹¹⁴ He holds that U.S. trade deficit could be reduced and exports be stimulated greatly through proactive communications with China on the issue of currency manipulations. More jobs particularly for the manufacturing would also be produced.¹¹⁵

The EPI maintains a close relationship with labor unions in the United States. Via releasing research reports, hosting lectures and seminars, granting interviews as well as issuing commentaries, the EPI contends that Chinese government’s manipulations of its currency contribute to U.S. trade deficit and recommends U.S. government to take some necessary countermeasures. When presenting testimonies before U.S. House Committee on Small Business on April 26, 2006, Robert Scott criticizes China for U.S. trade deficit and suggests U.S. Treasury to declare China’s

¹¹⁰Fred Bergsten, “Correcting the Chinese Exchange Rate: An Action Plan,” Testimony before the Committee on Ways and Means, U.S. House of Representatives, March 24, 2010, <https://piie.com/commentary/testimonies/correcting-chinese-exchange-rate-action-plan>.

¹¹¹Fred Bergsten, “We can fight fire with fire on the renminbi,” *Financial Times*, October 3, 2010.; <http://www.ft.com/intl/cms/s/0/070e525c-cf1d-11df-9be2-00144feab49a.html#axzz1VIAGPGqQ>.

¹¹²William R. Cline and John Williamson, “The Current Currency Situation,” Number PB11-18, November 2011.

¹¹³Desmond Lachman, “A Slow-Moving Chinese Train Wreck,” *TCS Daily*, August 7, 2007.

¹¹⁴See the biography of Christian E. Weller at: <http://www.americanprogress.org/experts/WellerChristian.html>.

¹¹⁵Christian E. Weller, “When, Not If - The Inevitable End to the Refinancing Boom Requires Attention,” January 15, 2004, <http://www.americanprogress.org/issues/2004/01/b21654.html>.

currency manipulation and begin negotiations with China.¹¹⁶ A report titled *China Manipulates Its Currency—A Response Is Needed* was released by the EPI in that September. The report maintains that China's manipulation of the RMB "has been a primary contributor to the enormous run-up in the American trade and current account deficits" and also a principal reason for the global trade imbalances. "For the sake of stability in the U.S. economy, the Chinese economy, and the global economy," as the report argues, "action needs to be taken to begin unwinding these imbalances."¹¹⁷

The RMB was obviously appreciating against U.S. dollar in 2011. However, according to Eswar Prasad, senior fellow at the Brookings, "China's central bank continues to intervene massively in foreign exchange markets to keep the *yuan's* value stable, suggesting the currency is still significantly undervalued." He then concludes that the intervention by the Chinese government "boosts the stock of international reserves by about \$200 billion each quarter, adding to the government's headache as this inevitably means more purchases of U.S. treasures."¹¹⁸

Paul Krugman, Nobel laureate in economics and professor of economics and international affairs at Princeton University, also joined the debates and consolidated the argument that the RMB had been undervalued. As a columnist of the *New York Times*, Krugman's opinions in recent years expressed at the newspaper on China's currency drew plenty of attention in American society. In an article appeared at the *New York Times* on December 31, 2009, he claims that Chinese mercantilism helps to maintain the huge trade surplus artificially. He contends that China's predatory policy may reduce U.S. employment by around 1.4 million jobs. He also warns, "Chinese mercantilism is a growing problem, and the victims of that mercantilism have little to lose from a trade confrontation."¹¹⁹ Krugman blames China again in March 2010 for its policy becoming a "significant drag" on global economic recovery and suggests doing something for this. He quotes some people's complaints that China was since around 2003 "selling renminbi and buying foreign currencies" to "keep the renminbi weak" and its "exports artificially competitive." Consequently, "China is adding more than \$30 billion a month to its \$2.4 trillion hoard of reserves" by 2010. "The International Monetary Fund expects China to have a 2010 current surplus of more than \$450 billion—10 times the 2003 figure." Krugman contends that China's policy of currency manipulation "seriously damages the rest of the world." He suggests that U.S. Treasury Department "stop fudging and obfuscating" but take a clear position. Washington does not need to be

¹¹⁶Testimony presented by EPI senior international economist Robert E. Scott before the U.S. House Committee on Small Business on Wednesday, April 26, 2006, http://www.epi.org/page/-old/webfeatures/viewpoints/rscott_testimony_20060426.pdf.

¹¹⁷Josh Bivens and Robert E. Scott, "China Manipulates Its Currency—A Response Is Needed," *Policy Memo*, No. 116, September 25, 2006, <http://www.epi.org/publication/pm116/>.

¹¹⁸Eswar Prasad, "The *Yuan's* Reckoning," *Wall Street Journal*, June 16, 2011, <https://www.brookings.edu/opinions/the-yuans-reckoning/>.

¹¹⁹Paul Krugman, "Chinese New Year," *New York Times*, January 1, 2010, http://www.nytimes.com/2010/01/01/opinion/01krugman.html?_r=0.

afraid if China sells a large share of U.S. assets. If China does, “the value of the dollar would fall against other major currencies.” But it at the same time would be “a good thing” for the United States because it would make U.S. goods more competitive and thus reduce U.S. trade deficit. It would be “a bad thing” for China since Beijing “would suffer large losses on its dollar holdings.” The United States imposed a temporary 10% surcharge on imports in 1971 so as to force Germany, Japan and other nations to raise the dollar value of their currencies. Krugman suggests imposing a 25% surcharge on imports from China in exchange for China’s concessions on the RMB issue.¹²⁰ In the article titled “Holding China to Account,” Krugman points out, “given our economy’s desperate need for more jobs, a weaker dollar is very much in our national interest—and we can and should take action against countries that are keeping their currencies undervalued, and thereby standing in the way of a much-needed decline in our trade deficit.” In the light of the recent U.S. economic crisis, Washington should take actions to hold China accountable and contributes to a solution to the crisis.¹²¹

However, a number of China experts serving U.S. think tanks hold different viewpoints on China’s currency. They don’t think that the undervaluation of the RMB results in U.S. trade deficit and job losses. First, there is no necessary connection between the appreciation of the RMB and U.S. exports. As evidenced by some recent researches, the RMB appreciated by 21 percent against the dollar from July 2005 to July 2008 while U.S. trade deficit with China increased fast during the same period. The main reason behind this is that most of U.S. exports to China are technology-intensive products; their techniques, quality, services as well as prices are crucial elements affecting the trade. Americans need to compete with their European and Japanese counterparts. So the U.S. dollar exchange rate to the Euro and Japanese yen, rather than the exchange rate of the RMB, becomes an important factor that influences the trade. Second, “the U.S. economy and the Chinese economy are highly complementary” so that they don’t need to compete against each other in market of any third country. For example, the United States sells airplanes and pharmaceuticals while China exports electronic and textile products. Third, although the RMB appreciates, the jobs lost would not come back to the United States again. Conversely, the United States will attempt to import labor-intensive products from low-wage countries such as Vietnam and Indonesia when the RMB appreciates and prices of Chinese exports increase. So the dire situation of U.S. trade imbalances cannot be improved, nor can the employment of jobs be increased in American society. In effect, it will exacerbate lower- and middle-income families in the United States. Therefore, some U.S. think tanks hold the view that the United States should talk with China concerning Chinese currency exchange rate. But they do not agree to place exchange rate issue on the priority list

¹²⁰Paul Krugman, “Taking on China,” *New York Times*, March 15, 2010, <http://www.nytimes.com/2010/03/15/opinion/15krugman.html>.

¹²¹Paul Krugman, “Holding China to Account,” *New York Times*, October 3, 2011, http://www.nytimes.com/2011/10/03/opinion/holding-china-to-account.html?_r=0.

on the agenda of the two countries. They believe that education, transportation, governmental affairs, basic sciences as well as applied research could contribute more, instead of forcing China to yield to the United States on exchange rate, to the resolution of challenges facing U.S. economy.¹²²

In 2005, Albert Keidel, the then senior associate at the Carnegie, who once worked in U.S. Treasury Department and the World Bank, argues that “the RMB is not undervalued” by any reasonable economic measure. “China does have a trade surplus with the United States, but it has a trade deficit with the rest of the world,” he says. “And China’s accumulation of dollar reserves is not the result of trade surpluses, but of large investment flows caused in part by speculators’ betting that China will yield to U.S. pressure.” “If the United States wants to improve its economy for the long haul, it had best look elsewhere beginning with raising the productivity of American workers,” he adds.¹²³ In the commentary titled “Cost of unleashing China’s currency” appeared at the *Christian Science Monitor* in 2007, William Overholt, China expert and director of the Center for Asia Pacific Policy at the RAND, and Pieter Bottelier, former Chief of the World Bank Resident Mission in China and professor of SAIS at Johns Hopkins University, examine consequences of Chinese currency appreciation. “The low savings rate by Americans means the US will continue to have a large global trade deficit,” they say. “Forcing Chinese currency appreciation will just shift the deficit to other countries.” Congress’s obsession with the Chinese currency is “the least important source of the US trade deficit.” They believe that the appreciation of the RMB will not reduce U.S. global trade deficit significantly or create more job opportunities for Americans. “Completely freeing China’s currency and capital flows could backfire.” As they predict, “if China suddenly stopped intervening in the foreign exchange market, it might trigger a sharp short-run decline in the international value of the US dollar and drive up US interest rates.” And this could “cause a housing market collapse and a recession.” The commentary reaches a conclusion that the well-intentioned proposals to “protect the US economy from foreign goods can backfire.” “A protected US economy would be, like France’s, an economy of far higher unemployment.”¹²⁴ In a seminar on China’s economy after the financial crisis held by Carnegie in 2010, the exchange rate of the RMB was debated

¹²²Many think tank economists share these viewpoints, in particular Daniel Ikenson, director of the Cato Institute’s Center for Trade Policy Studies. Daniel Ikenson, “Appreciate This: Chinese Currency Rise Will Have a Negligible Effect on the Trade Deficit,” *Free Trade Bulletin*, No. 41, March 24, 2010, Cato Institute. See also Daniel Ikenson, “China’s Exchange Rate Policy and Trade Imbalances,” Testimony before the U.S. Senate Committee on Banking, Housing, and Urban Affairs Subcommittee on Economic Policy, April 22, 2010, <http://www.cato.org/publications/congressional-testimony/chinas-exchange-rate-policy-trade-imbbalances>.

¹²³Albert Keidel, “China’s Currency: Not the Problem,” *Policy Brief*, June 25, 2005, No. 39, <http://carnegieendowment.org/files/PB39.Keidel.FINAL.pdf>.

¹²⁴William H. Overholt and Pieter Bottelier, “Cost of unleashing China’s currency,” *Christian Science Monitor*, July 13, 2007. See <http://www.rand.org/blog/2007/07/cost-of-unleashing-chinas-currency.html>.

heatedly. Albert Keidel, now senior fellow at the Atlantic Council, argues that no evidence suggests that China is manipulating currency for its own interest, in particular when its trade surplus greatly diminishes. Pieter Bottelier holds a similar view that the Chinese government maintained a stable exchange rate of its currency while other major currencies were devaluing against the U.S. dollar after the global financial crisis precipitated by Lehman Brothers. If China did control its currency, it should have depreciated the RMB against the dollar and gained profits from it. But China did not do that.¹²⁵

Some members of Congress criticized China's currency policy, blaming it for damaging U.S. manufacturing and restricting U.S. exports and thereby giving rise to the growing trade deficit with China. Daniel Griswold is a critic of these claims. In a 2006 article titled "Who's Manipulating Whom? China's Currency and the U.S. Economy," he criticizes the argument that China's currency manipulation depresses U.S. manufacturing output and destroys U.S. jobs. First, China maintains a fixed-rate currency. And there is nothing wrong with it. Actually, the United States and some other major Western industrial countries fixed their currencies from the 1950s to the early 1970s. There are 89 out of 187 countries still maintain the fixed currency today. The Chinese government was praised by the international community for holding its currency steadily during the Asian financial crisis in 1997. Second, imports from China are not the primary cause of the decline in U.S. manufacturing jobs since 2000. While U.S. manufacturing suffered from the "painful recession" from 2000 to 2003, real output of U.S. factories has increased by 50 percent since 1994, while China maintained the fixed currency during that period. "If China were to move toward a more freely floating currency, evidence and experience suggest it would not have a noticeably positive effect on U.S. manufacturing, employment, or the bilateral trade balance with China." Furthermore, critics of Chinese currency manipulation "overlook the huge benefits to Americans from trade with China." Most of U.S. imports from China are consumer goods for daily use and they improve lives of Americans at home and in office. Moreover, "China is now a major market for U.S. companies and an important source of capital for the U.S. economy." Lastly, punitive and unilateral sanctions imposed by the United States against imports from China with regard to China's foreign currency regime would be a "colossal policy blunder." These sanctions would hurt Chinese producers and workers. They would increase prices of products and then hurt millions of Americans. Sanctions would also "disrupt supply chains" in East Asia, "invite retaliation" and "jeopardize sales and profits for thousands of U.S. companies" that are conducting business with China. Griswold argues, "America's commercial relationship with China is not a crisis that demands urgent action on the part of the U.S. government." But he suggests the Chinese government to "move steadily toward a more flexible currency," which will

¹²⁵"Mei zhuanjia cheng meiyou renhe zhengju xianshi zhongguo caozong huilv" [American scholars claim that no evidence suggests China manipulates exchange rate], <http://world.huanqiu.com/roll/2010-03/749216.html>.

eventually lead to a floating currency. On the other hand, U.S. government should provide technical support for China to help maintain a more flexible currency regime. “Those policies should be implemented, not through the heavy-handed threat of trade sanctions, but through diplomacy, cooperation, and negotiation based on a firm understanding of the mutual gains from trade,” says Griswold.¹²⁶

In a commentary appeared at the *Washington Times* in 2010, Griswold criticizes some wrong arguments held by critics in the United States by employing some statistical data. He admits that as most less-developed nations do, “China’s central bank does tightly manage the value of its currency in the foreign-exchange market.” Moreover, an “undervalued currency does make a nation’s exports more competitive while making imports more expensive.” These claims, however, are “widely overvalued” by critics and “do not justify any resort to higher tariffs against Chinese goods.” “Exchange rates have only limited effects on bilateral trade balances and can be swamped by more fundamental factors,” observes Griswold. The United States having a huge trade deficit with China is “not because of an undervalued *yuan*.” It is because China specializes in making consumer goods ... that American consumers love to buy” and U.S. national savings rate is quite low.¹²⁷

Research fellows and experts of the Cato Institute and the CSIS and some other think tanks testified before Congress. They elaborated the issue of Chinese currency exchange rate and provided policy recommendations. When testifying before House Committee on Ways and Means in October 2003, Griswold stated, “imposing tariffs on Chinese goods in the name of helping U.S. manufacturing would be a disaster.” It equates to “a direct tax on American working families, especially those on modest incomes.” It would also “drive up costs for U.S. companies that depend on parts, supplies, and other goods from China to remain competitive in global markets.” Moreover, it “would reduce demand for U.S. exports and for U.S. Treasury bills, depressing domestic production and driving up interest rates.” Equally important, punitive tariffs aimed at China would sour U.S. relations with such an important country when Washington is wrestling with global terrorism and North Korea’s nuclear ambitions. “Pressing China to readjust or float its currency poses dangers of its own,” he says. “If China were to move too rapidly toward free capital flows and a floating currency, it would precipitate a collapse of its banking system, the flight of billions in savings, and a rapid depreciation of its currency.” He also warns that Americans could “soon regret getting what we asked for.”¹²⁸

¹²⁶Daniel Griswold, “Who’s Manipulating Whom? China’s Currency and the U.S. Economy,” *Trade Briefing Paper*, The Cato Institute, No. 23, July 11, 2006.

¹²⁷Daniel Griswold, “Schumer Undervalues Trade with China,” *The Washington Times*, June 28, 2010, <http://www.cato.org/publications/commentary/schumer-undervalues-trade-china>.

¹²⁸Daniel Griswold, “America’s Win-Win-Win Trade Relations With China,” Statement before the Committee on Ways and Means, United States House of Representatives, October 31, 2003, <http://www.cato.org/publications/congressional-testimony/americas-winwinwin-trade-relations-china>.

Daniel Ikenson of the Cato Institute claims that the relationships between the undervaluation of RMB and U.S. trade deficit and job losses are “weak” by drawing on some recent evidence when giving testimonies before U.S. Senate Committee on Banking, Housing, and Urban Affairs Subcommittee on Economic Policy in 2010. He rebukes the views that RMB undervaluation has caused high deficit of U.S. trade with China and loss of job opportunities. For him, “The world would be better off if the value of China’s currency were truly market-determined, as it would lead to more optimal resource allocations.” However, “compelling China to revalue under threat of sanction could produce adverse consequences—including reductions in Americans’ real incomes and damaged relations with China—leaving us all worse off without even achieving the underlying policy objectives.” Ikenson concludes that “it would be better to let the storm pass and allow China to appreciate its currency at its own pace” at the present moment.¹²⁹

On September 16, 2010, Charles Freeman, III, director of Freeman Chair in China Studies of the CSIS, testified before Senate Banking Committee and talked about Chinese currency as well as U.S. Treasury Department’s Report on international economic and exchange rate policies. As he contends, “the commercial relationship between the United States and China has been an important area of common interest that has reduced bilateral tensions between two countries.” He also mentions challenges, including intellectual property rights protection, market access, and international free trade that China’s rise brings about. “In order to genuinely combat the challenges faced by American companies and their workers in the China market, the U.S. government and our companies will need to increase the sophistication of their approach to the marketplace.” Given that Chinese society is complex and diverse and is short of consensus, U.S. government and companies should develop alternative strategies and tactics for advancing their commercial interests.¹³⁰

Some experts oppose to impose sanctions against China with regard to the RMB exchange rate. Arthur Kroeber, nonresident senior fellow at the Brookings, puts forward two implications for U.S. policy on the issue. The first one is that “China’s exchange-rate policy is deeply linked to long-term development goals” and any other outside actor including the United States can do little to influence this policy. The second is that “the same suspicion of market forces that leads Beijing to pursue an export-led growth policy that generates large foreign reserve holdings also

¹²⁹Daniel Ikenson, “China’s Exchange Rate Policy and Trade Imbalances,” Testimony before the U.S. Senate Committee on Banking, Housing, and Urban Affairs Subcommittee on Economic Policy, April 22, 2010, <http://www.cato.org/publications/congressional-testimony/chinas-exchange-rate-policy-trade-imbances>. See Daniel Ikenson, “Appreciate This: Chinese Currency Rise Will Have a Negligible Effect on the Trade Deficit,” *Free Trade Bulletin*, No. 41, March 24, 2010, Cato Institute.

¹³⁰Charles W. Freeman, III, “The Treasury Department’s Report on International Economic and Exchange Rate Policies,” Testimony before the Senate Banking Committee, Hearing on the Treasury Department’s Report on International Economic and Exchange Rate Policies, September 16, 2010, http://csis.org/files/ts100916_Freeman.pdf.

means that Beijing is unlikely to be willing to permit the financial market opening required to make the RMB a serious rival to the dollar as an international reserve currency.” Since it lacks any effective leverage, the United States cannot accelerate the pace of RMB appreciation by imposing high-profile pressure. He recommends that “U.S. policy should therefore de-emphasize the exchange rate” and it should “focus on keeping the pressure on China to maintain and expand market access for American firms in the domestic Chinese market—which in principle is provided for under the terms of China’s accession to the World Trade Organization.”¹³¹ Chad Bown, Non-resident Fellow at the Brookings, argues that U.S. trade policy toward China is “likely to have complex effects on global trade flows and may produce outcomes far different from those intended.” He asserts that discriminatory trade restrictions are costly in terms of overall national and global welfare. “Perhaps more surprisingly, they may be ineffective or even counterproductive in protecting production and workers in the affected domestic industries.”¹³²

The Chinese government announced to reform the currency exchange rate regime and allow more flexibility in the RMB’s exchange rate in June 2010. A number of U.S. politicians expect that the RMB could appreciate against the U.S. dollar so that Chinese exports are more expensive and Chinese consumers will thus buy more imports and finally reduce U.S. trade deficit. Robert Pozen, non-resident senior fellow at the Cato Institute, disagrees with these claims. Rather, he argues that the value of the *yuan* is not the “main driver of the U.S. trade deficit.” “The wages and social safety net of Chinese workers are more important” because higher wages not only increase the cost of cheap products but also contribute to higher consumption. Therefore, he suggests that American politicians should not push so hard for *yuan* appreciation because it would be provoke China’s resistance and thus is counterproductive. “Instead, they should support higher wages and a stronger safety net for Chinese workers,” he says. “These measures would not only help reduce the U.S. trade deficit but also would be consistent with recent efforts of China’s officials to improve the living standard of its workers.”¹³³

¹³¹Arthur R. Kroeber, “The Renminbi: The Political Economy of a Currency,” http://www.brookings.edu/papers/2011/0907_renminbi_kroeber.aspx. The article also appears at the website of *Foreign Policy*, see http://www.foreignpolicy.com/deep_dive.

¹³²See the article that Chad P. Bown prepared for a meeting held by the East-West Center in Honolulu in February 2005, “U.S. Trade Policy Toward China: Discrimination and Its Implications,” <https://www.brookings.edu/wp-content/uploads/2016/06/200506bown.pdf>.

¹³³Robert C. Pozen, “Bashing Beijing Will Not Help Our Trade Deficit,” Congressional Research Service, RL34314, September 26, 2011, http://www.brookings.edu/opinions/2010/0820_trade_deficit_pozen.aspx.

3.4.3 *Intellectual Property Rights Protection and Innovative Capabilities*

Intellectual property remains a long-term issue for China-U.S. relations. Realizing the importance of intellectual property rights protection (IPRP), Chinese government has adopted a wide range of measures to protect intellectual property rights (IPRs) and made a large amount of progress. But the United States continues to blame China for its ineffectiveness in IPRP. Washington repeatedly imposed pressure on Beijing with threat of sanctions. In August 2007, U.S. Trade Representative (USTR) Susan Schwab sued China for its violations against the Uruguay Round Agreement on Trade-Related Aspects of Intellectual Property Rights. She asked the WTO to set up a group to deal with U.S. demands for the accusation of China's infringements against the IPRs. Prior to this, USTR always listed China as one of key IPRs violators, and this was the first time that USTR had sued China for violations against IPRs agreement within the WTO framework. Besides, at the request of Senate Committee on Finance, U.S. International Trade Commission submitted two investigation reports in 2010 and 2011. They assessed the effects of China's infringements against IPRs and independent innovative policy on U.S. economy.¹³⁴

U.S. think tanks turned their attention to the issue of IPRs in U.S.-China economic and trade relations a long time ago. Senator Spencer Abraham cited research by James Dorn of the Cato Institute when speaking at Senate. Dorn observes the piracy of IP is a "serious" issue for Western firms. China should comply with relevant regulations and laws. Its accession to the WTO is conditioned on its adherence to international law. "Using economic sanctions to punish pirates sounds good in theory, but in practice sanctions are seldom effective," says Dorn. "The real solution to piracy may have to wait for technological changes that make it very costly to steal intellectual property." Perhaps it has to "wait for the rule of law to evolve in China and other less-developed countries." Chinese people and firms will demand new laws concerning IPRP when China itself advances its IP. China will harm itself in the long haul if it fails to protect its property rights. "Investors will not enter a market if they cannot reap most of the benefits of their investments."¹³⁵

In his testimonies before the U.S.-China Economic and Security Review Commission on May 19, 2005, William Overholt, director of Center for Asia Pacific Policy and Asia Policy Chair at the RAND, argues that Chinese "theft of intellectual property has become a major issue." But he notes that some other

¹³⁴U.S. International Trade Commission, "China: Intellectual Property Infringement, Indigenous Innovation Policies, and Framework for Measuring the Effects on the U.S. Economy," *Investigation*, No. 332-514, November 2010; "China: Effects of Intellectual Property Infringement and Indigenous Innovation Policies on the U.S. Economy," *Investigation*, No. 332-335, May 2011.

¹³⁵James A. Dorn, "Improving Human Rights In China," *Journal of Commerce*, February 8, 1999.

developing countries such as Japan and Singapore were once presenting similar problems as China does today. He also says that there are not many differences between China and India and Russia in terms of IPR practices. It is “the scale and efficiency of China, and the extent of foreign direct investment in China” that make the issue a larger one. Overholt then concludes that “to make very strong representations about IPR abuses” and “to implement policies that punish bad behavior and reward better behavior” are appropriate. “It is also useful to maintain a certain historical perspective.”¹³⁶

When talking about how to create jobs for the Obama administration in September 2011, Fred Bergsten suggests the administration to “weaken the dollar by 10 to 20 percent” and impose greater pressure on China to accelerate its currency appreciation. Besides, the United States should expand foreign market for its service sector and eliminate trade barriers. Moreover, U.S. government “must get serious about defending the intellectual property rights of our companies against theft by foreign companies and governments.” Bergsten refers to a study by the International Trade Commission, suggesting that Chinese companies alone, with support or at least acquiescence from their government, are “stealing \$50 billion to \$100 billion in United States products each year.” These products include Microsoft Windows, Apple iPads, and award-winning films. Since negotiations failed to achieve much progress, Bergsten recommends taking many more intellectual property cases to the WTO and credibly threaten unilateral retaliation if the foreign piracy continues.¹³⁷

Massive foreign direct investment has brought technology and capital into China and advanced the astonishing development of Chinese economy. Chinese companies are competitive in producing “low-value, labor-intensive goods.” With its fast development over the past decades, Chinese competitiveness is not confined to traditional areas. China obtained foreign technologies and now becomes a strong competitor to companies of the developed countries. Besides, Chinese government also takes some measures to greatly advance its innovative capabilities. The Freeman Chair in China Studies of the CSIS argues that both the United States and Japan need to have a better understanding of the nature and scope of China’s competitiveness in key technological areas and the current situation of China’s competitiveness policies. Objectively assessing China’s dependence on the United States and Japan helps reduce the risk of miscalculations and can also pave the way for developing a sound bilateral relationship in future. Furthermore, “identifying relevant U.S. and Japanese policies or strategies to encourage China to integrate into the liberal and open market economies could enlarge possibilities of the world.” Taking into account these factors, a project of the Freeman Chair in China

¹³⁶William H. Overholt, “China and Globalization,” Testimony presented to the U.S.-China Economic and Security Review Commission on May 19, 2005, http://www.uscc.gov/hearings/2005hearings/written_testimonies/05_05_19_20wrts/overholt_william_wrts.pdf.

¹³⁷Fred Bergsten, “An Overlooked Way to Create Jobs,” *New York Times*, September 28, 2011, http://www.nytimes.com/2011/09/29/opinion/an-overlooked-way-to-create-jobs.html?_r=0.

Studies “will focus primarily on the nature of Chinese competitiveness in key technology areas, as well as lessons for the United States and Japan.” Its work “aims to assess Chinese competitiveness, understand Chinese policy making on competitiveness issues, identify areas in which Chinese competitiveness relies on U.S. and Japanese companies as well as U.S. and Japanese policies that might affect Chinese competitiveness, and provide future direction for U.S. and Japanese policies to keep their competitiveness in face of the rise of China.”¹³⁸

3.5 Brief Summary

U.S. political pluralism provides some prerequisites for the rise, development and flourishing of think tanks. Think tanks are active in U.S. China policy, particularly in the controversial trade policy toward China.

Think tanks are not engaged in decision making directly. Rather, they are dedicated to providing diverse perspectives for policy makers. Except crisis decision-making, the process of decision making in the United States is characterized by concerted efforts and compromises by various forces. It is more specific on issues concerning U.S. foreign trade. In the context of globalization, China-U.S. trade relationship becomes closer than ever. Economic and trade issues not only affect global, regional, and bilateral relations, but also influence U.S. investment, trade, production, and sales. Other political forces are involved in impacting on economic and trade issues. But U.S. Congress is best qualified to speak on these issues. Besides, interest groups also participate directly in the process. In the view of their own interests and demands, multinational corporations, small and medium-sized enterprises, labor groups as well as human rights organizations attempt to play a role in influencing policymaking. The involvement of these forces turns economic and trade issues between China and the United States to be ones that beyond economy and trade per se. Instead they become issues that combine political, economic, diplomatic, and strategic factors. In fact, the bilateral trade issues have linked domestic and international levels. The Chinese government always proposes not politicizing China-U.S. economic and trade issues. It is nevertheless not easy for the United States to do what China anticipates. U.S. China policy, in particular U.S. economic and trade policy toward China, is controversial. But think tanks do not have stakes involved in the policy in the surface. They tend to take a neutral position. Therefore, the roles that think tanks play are more decisive on economic and trade issues.

It should be noted that think tanks are merely one factor underlying the decision making of U.S. foreign policy. Through their independent research findings, think tanks keep the public and U.S. government informed about their positions and

¹³⁸“China’s Innovation and Competitiveness Policies,” <http://csis.org/program/chinas-innovation-and-competitiveness-policies-lessons-us-and-japan>.

viewpoints on U.S.-China relations. They play a role of providing policy recommendations in both direct and indirect ways to affect the perspectives that the public and decision makers have on diverse issues. Given the significance of China and its importance to the United States against the backdrop of China's rise, a growing number of think tanks in America double their efforts in China studies. Desire to cooperate with and compete against each other among think tanks exist at the same time. Their positions on China vary from different issues due to the diversity of ideologies, party affiliation as well as funding sources. It is partial to conclude that a policy is completely driven by a certain think tank. It is true that U.S. government adopts suggestions by one or two think tanks regarding some specific issues. More frequently, however, it is those mainstream consensuses that are shared by a majority of think tanks are finally adopted by decision makers. Think tanks as a whole are a crucial component for U.S. economic and trade policy toward China. It is difficult to measure think tanks' influence or their influence on certain issues. But it is widely believed that adequate discussions among think tanks facilitate policymaking. Furthermore, think tanks' interpretations or assessment of policies advance the understandings and perceptions for the public and thus strengthen or weaken the domestic foundations of U.S. China policy.

As mentioned above, think tanks' influence varies from one another due to their diverse ideologies. In spite of their adherence to research independence, think tanks have different ideologies and these differences inevitably affect their influence on U.S. economic and trade policy. For example, the AEI, the Heritage Foundation and the Cato Institute among others are more conservative. They underscore free trade and expansions of foreign market and oppose too much government intervention. On trade issues, these think tanks tend to believe trade with and investment in China could bolster its reform and help to integrate China into the international community that the United States leads. They support U.S. government to develop trade relations with China and China's accession to the WTO. On the other hand, they demand "fair trade" from China and propose imposing greater pressure on China on issues such as IPR protection and market access so as to expand foreign market for U.S. exports and investment. Their claims became much stronger after China's entry to the WTO in the new century. Liberal think tanks, represented by the EPI, maintain a close relationship with U.S. labor organizations as well as human rights groups. They lay emphasis on labor rights and environmental protection, in particular the protection of U.S. domestic employment. So they advocate pressuring China concerning U.S. trade deficit with China, labor, and human rights. These claims receive more recognition from American society in the context of a gloomy economy with high unemployment. In fact, liberal think tanks tend to support anti-globalization and trade protectionism claims. The two American political parties, i.e., the Republican and Democratic Parties, hold the same claims with regard to policy ideas, respectively. The Republicans have a close relationship with large enterprises and corporations while the Democrats are intimately connected with low- and middle-income families. Labor organizations are vital supporters of

the Democrats. Think tanks' influence grows when their policy ideas are compatible with decision makers' ideologies. Otherwise policy recommendations by think tanks are not likely to be recognized or accepted by decision makers. In that event, these think tanks can hardly affect the policymaking process. In other words, the influence of the EPI and some other liberal think tanks grows when a Democratic President is in office. When Republicans assume presidency in the White House, however, conservative think tanks have more place to exert their influence on U.S. administration. As evidenced by U.S. history, the Republican administration under George W. Bush followed a free-trade policy and therefore repeatedly vetoed the domestic claims of trade protectionism. But under the Democratic administrations of Bill Clinton and Barack Obama, liberal think tanks are comparatively more influential.

On balance, neither should people overestimate nor underestimate the influence that think tanks have on U.S.-China trade relations. Think tanks are not directly involved but playing an invisible role in the decision making process of U.S. China policy. Therefore, it is difficult to accurately evaluate their influence. Moreover, think tanks are merely one factor in the process since all kinds of interest groups attempt to affect the administration regarding economic and trade issues. Furthermore, perspectives and standpoints that think tanks have are distinct, even opposing, from one another. Discrepancies and competition among think tanks also whittle down their influence on public policy. It should be noted, however, that in-depth research on think tanks can facilitate our better understandings of the decision making process of U.S. China policy, including its economic and trade policy toward China.

Chapter 4

U.S. Think Tanks and Human Rights Policy to China

Xingqiang He

4.1 Brief Introduction of Think Tanks and U.S. Human Rights Policy to China

4.1.1 *The Origin and Evolution of U.S. Human Rights Policy to China*

4.1.1.1 The Origin and Evolution of U.S. Human Rights Diplomacy

The concept of human rights was introduced into U.S. diplomacy after World War II. Being in office since 1976, Jimmy Carter had begun to push for human rights diplomacy aggressively and is deemed as setting a milestone of the history of U.S. human rights diplomacy. Human rights diplomacy had turned out to be an important feature of U.S. foreign policy ever since.

The Carter administration's human rights diplomacy was mainly driven by domestic politics and public opinions in the United States from the 1960s to the 1970s. Some influential domestic events, including civil rights movement, Watergate scandal, Vietnam War that the United States deeply involved and strong reactions from public opinions caused by the war, gave rise to the birth of human rights diplomacy during the Carter administration. The civil rights movement since the 1960s successfully imbedded thoughts of civil rights into the society, turning people's caring for civil rights into popular trends of the times. The Watergate scandal broke Americans' political illusion and raised their doubts over the government's abuse of power and violations of civil rights. The anti-war movement triggered debates in American society over goals of U.S. foreign policy. The public harshly criticized that U.S. foreign policy had violated human rights in other

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countries. Public disenchantment grew to against the realistic diplomacy pursued by Nixon and Kissinger, blaming that the diplomacy had only paid attention to international activities of other countries but was indifferent about communist countries' domestic policies that violated human rights. Americans thought that U. S. diplomacy had relinquished its moral pursuit completely and strongly demanded that the administration take accounts of human rights into foreign policy. It is under these circumstances that Congress passed a large number of bills pertaining to human rights in the 1970s. These bills were utilized to confine U.S. foreign policy making with the benchmark of human rights. Meanwhile, Congress passed the act *Trade Act of 1974*, which had exerted much influence on China most-favored-national (MFN) trading status till the 1990s. The Jackson-Vanik Amendment, an addition to the *Trade Act of 1974*, denies granting MFN privileges to communist economies like Soviet Union and East Europe that restrain their citizens from emigrating overseas.

Originating from American deep political and cultural traditions, U.S. human rights diplomacy thereby gains popular support from the society. The history of American diplomacy has long concentrated on moral principles. Showing respect to human rights is deeply ingrained in Americans' basic faith. Besides, promoting human rights abroad has likewise become one of the basic goals of foreign policy. It is thus safe to conclude that U.S. human rights policy is based on the core values of American society: freedom, democracy and individualism. As argued by Harry Harding, "the United States is unlikely to abandon its interest in promoting human rights abroad, as a strong strain of idealism continues to run through much of American thinking on international affairs, and as Americans increasingly believe that respect for human rights is strongly correlated with responsible international conduct and with an attractive environment for foreign investment."¹

The United States deems the protection of human rights as a basic goal of its foreign policy, and takes it for granted that promoting human rights is to increase U.S. national interests. Americans believe that as long as human rights were protected, peace, opposition of aggression, legal enforcement, crime fighting, anti-corruption, democracy advancement, prevention of humanitarian crises and other goals could be guaranteed. Some principles on human rights have been incorporated into U.S. foreign aid and diplomacy since the Jimmy Carter administration, and are passed down till now through a set of specific policies. Whether it is during the Republican administration of Ronald Reagan, George Bush and George W. Bush, or the Democratic administration of Bill Clinton and Barack Obama, the values of human rights are incorporated into U.S. foreign policy as the fundamental concern. Each administration continues to adopt numerous internal and external measures, encouraging other countries to show respect to human rights. Some democracy and human rights funds in U.S. Department of State are

¹Harry Harding, "Breaking the Impasse over Human Rights," in Ezra F. Vogel, ed., *Living with China: U.S. China Relations in the Twenty-first Century* (New York: W. W. Norton & Company, 1997), pp. 167–168.

ready to provide support to promote democracy and human rights in other countries and areas. The Department of State has also been regularly issuing a progress report after U.S. approval of the International Bill of Human Rights during the Carter administration. By doing this, Washington attempts to show the international community its practice and achievement in fulfilling its commitment to international human rights.

As the principal agency responsible for issues of human rights, the Bureau of Democracy, Human Rights, and Labor (DRL) mainly applies three key principles to its work in human rights. The first principle is to investigate human rights circumstances in different countries and submit to Congress a 5,000-page report on human rights conditions in over 190 countries, including speeches and votes in the UN and asylum profiles pertain to the issue. The main information about human rights conditions is provided by U.S. embassies in different countries, obtained from their governmental agencies, NGOs that monitor human rights practices, academia, and the media. The second one is to take “consistent positions concerning past, present, and future abuses.” To stop ongoing abuses, the bureau uses an “inside-outside approach that combines vigorous, external focus on human rights concerns (including the possibility of sanctions) with equally robust support of internal reform.” To prevent future abuses, it promotes early warning and preventive diplomacy. There are some other approaches that DRL maneuvers to ensure that “human rights considerations are incorporated into U.S. military training and security assistance programs;” to promote “the rights of women through international campaigns for political participation and full equality;” to conduct “high-level human rights dialogues with other governments;” to coordinate “U.S. policy on human rights with key allies;” and to raise “key issues and cases through diplomatic and public channels.” The third is to forge and maintain “partnerships with organizations, governments, and multilateral institutions committed to human rights.” To this end, “DRL provides significant technical, financial, or staff support for U.S. delegations to the annual meetings of several international human rights organization.” It also “maintains relations with the UN High Commissioner on Human Rights” and “supports the creation of effective multilateral human rights mechanisms and institutions for accountability.”²

The Carter administration’s human rights practices can be found in multiple aspects, including U.S. foreign aid projects, import and export corporations, Overseas Private Investment Corporation, and arms transfers. In consideration of human rights, the Carter administration cancelled many projects of foreign aid, investment and arms transfers. Besides, President Carter clearly stated that the United States supported those oppressed leaders of the opposition on many open occasions such as various levels of diplomatic dialogues. Some other practices include unilaterally changing cultural exchange programs under the pretext of human rights, publicly criticizing politics of non-democracies, and considering it as

²The above-mentioned information can be found at the website of the Bureau of Democracy, Human Rights, and Labor, <http://www.state.gov/g/drl/hr/index.htm>.

an important issue to hold bilateral talks with countries that severely violated human rights. Furthermore, in order to showcase its commitments to human rights, Washington signed many principal international human rights treaties, including *American Convention on Human Rights*, *International Covenant on Civil and Political Rights*, and *International Covenant on Economic, Social and Cultural Rights*.

Under the Reagan administration, Washington's human rights policy was more inclined to serve the bigger strategic goal—the Cold War—even though it continued to promote human rights diplomacy. The administration treated human rights diplomacy more as a tool of the Cold War and adopted double standards in the policy. According to these standards, Communist countries were criticized and punished. Meanwhile, Washington disregarded its democratic allies' practices that seriously violated human rights, and even supported these regimes. The George Bush administration did not relinquish human rights diplomacy. But it intentionally played down the factor of human rights in its foreign policy and attached more importance to U.S. strategic goals.

It seemed that U.S. government has found the position of human rights in its foreign policy since the end of the Cold War in 1990. The Clinton administration highlighted human rights as one of U.S. three central foreign policy goals (along with national security and economic prosperity), different from both the Carter and Reagan administrations. During the early days in office, President Carter was excessively ambitious for human rights, demonstrating an overwhelming trend of idealism. The Reagan administration adopted double standards on human rights so as to fight against the communist ideology.³ Human rights issue was placed above everything and became the key goal for U.S. China policy at the very beginning of the Clinton administration. This caused seriously negative effect to U.S.-China relations.

U.S. human rights diplomacy during the Clinton administration embodies new concepts in the field of western political science—such as theory of limited sovereignty and human rights overriding sovereignty—that explore the relationship between sovereignty and human rights since the late 1990s. Advancing the world's democracy and human rights was one of the three central foreign policy goals for the Clinton administration, with a focus on several countries. U.S. human rights policy toward Haiti, Somalia, Yugoslavia, and China reflected the main characteristics of the Clinton administration's diplomacy. With the authorization by the United Nations, the Clinton administration waged a military invasion in Haiti in September 1994, enabling Jean-Bertrand Aristide, the democratically elected President that was ousted in a military coup d'état, to return to Haiti and serve as the paramount leader of the country again. As for reasons of U.S. intervention in Haiti,

³For more details on the evolution of U.S. human rights diplomacy, see Zhou Qi, "Meiguo renquan wajiao ji youguan zhenglun" [U.S. Human Rights Diplomacy and Relevant Debates], *Meiguo yanjiu* [American Studies Quarterly], No. 1, 1998, pp. 29–56. Wang Lixin, "Zhongmei guanxishi yanjiu zhong liangge wenti de fansi" [Reflections on Two Questions in the Studies of the History of China-U.S. Relations], *Shehui kexue luncong* [Tribune of Social Sciences], No. 3, 2002, pp. 75–82.

Washington justified itself by claiming that Haiti's military regime had violently violated human rights and the authorization by the UN was also granted out of its concern about severe violations by the Haitian military forces. The Clinton administration voiced its strong support for the UN resolution of Somalia. To protect human rights and provide humanitarian aid, Washington participated in UN peacekeeping activities to restore order and relieve famine in Somalia. It also dispatched U.S. forces to the second U.N. Operation in Somalia so as to maintain the local order and assist to rebuild a civilian government as well as national and regional governing systems. Besides, the Clinton administration endorsed to create the Yugoslavia and Rwanda tribunals by providing a large amount of diplomatic and financial support. John Shattuck, Assistant Secretary of State for the DRL, played a crucial role in the course.

In addition, the Clinton administration's high value on human rights diplomacy is also manifested in U.S. institutional arrangements. In 1993 President Bill Clinton created the position of a fifth Under Secretary of State for Democracy and Global Affairs (now the Under Secretary of State for Civilian Security, Democracy, and Human Rights, CSDHR)⁴ according to the Section 161 (b) of the *Foreign Relations Authorization Act, Fiscal Year 1994 and 1995*, reinforcing the status of human rights in U.S. foreign affairs with concrete actions. Main responsibilities of Under Secretary for CSDHR include working together with other Under Secretaries of State and Assistant Secretaries for different regions to promote democratic development in the so-called non-democracies and providing Secretary of State with information concerning human rights and democracy progress in other countries. The first Under Secretary is Tim Wirth, a former U.S. Senator from Colorado. He took the position in May 1994. Specifically, the Office of the Under Secretary for CSDHR "oversees and coordinates U.S. foreign relations on the spectrum of civilian security issues across the globe, including democracy, human rights, population, refugees, trafficking in persons, rule of law, counter-narcotics, crisis prevention and response, global justice, and countering violent extremism."⁵ According to these issues, five bureaus and two offices are established under the Office of the Under Secretary for CSDHR. Among them the Bureau of DRL is the agency committed to closely following human rights and democracy affairs. This bureau superseded the previous Bureau of Human Rights and Humanitarian Affairs in 1993. Assistant Secretary of State leads the Bureau of DRL, whose duties include promoting democracy, protecting human rights and international religious freedom, and advancing labor rights globally. Lastly, the Clinton administration continued implementing a wide variety of policies that passed down from the Carter administration. Such policies support development of democracy and human rights abroad. For example, U.S. government adds the factor of human rights to its foreign

⁴The Office of the Under Secretary for Democracy and Global Affairs became the Under Secretary of State for Civilian Security, Democracy, and Human Rights in January 2012.

⁵See the website of U.S. Department of State at <http://www.state.gov/r/pa/ei/rls/dos/436.htm>.

aid practices. The Clinton administration attached more importance than all its predecessors to the annual *Human Rights Reports* that were issued first in 1976 by U.S. Department of State and has initiated the *International Religious Freedom Reports* since 1999.

Two Secretaries of State under the two terms of the Clinton administration, Warren Christopher and Madeleine Albright, respectively, highly appreciate human rights diplomacy. The former once worked in the Carter administration, when Washington put its human rights diplomacy first. The latter is a daughter of Czech diplomat and political asylum seeker. So Albright had strong human rights awareness. She firstly served as U.S. Ambassador to the UN in the first term of the Clinton administration and then as Secretary of State. The first Assistant Secretary of State for DRL is John Shattuck, who once served as National Staff Counsel at the American Civil Liberties Union, and is succeeded in 1998 by Harold Hongju Koh, a human rights activist and lawyer. Koh had served as Assistant Secretary of State from 1998 to 2001. Appointments of Secretaries and Assistant Secretaries of State demonstrate Bill Clinton's high value on human rights diplomacy.

But different administrations conduct differently on human rights diplomacy. While the Clinton administration attached great importance to human rights factor in U.S. diplomacy, his many actions devoted to supporting democracy and human rights abroad were given up halfway because of the influence of domestic politics as well as pressure of Congress and the public opinion. The most prominent case was that U.S. troops were withdrawn from the UN peacekeeping actions in Somalia in 1993 after 19 American soldiers were killed in a conflict with local armed forces. When the humanitarian tragedy happened in 1994 in Rwanda where approximately 50,000 citizens were killed due to a genocide and civil war, there was no any pressure in American society to force the Clinton administration to get involved. In matters of China policy, the United States issued an executive order to link China's MFN trade status and China's human rights practices in the first year when Clinton was in office. But Washington soon in the next year announced to de-link trade and human rights because it had lasting economic interests in China and shared security interests with China in the Asia-Pacific. Washington had consequently to abandon the policy that placed human rights above U.S.-China relations.

The administration of George W. Bush's human rights policy was also controversial. President Bush considered it as the ultimate foreign policy goal to promote human rights and freedom. After the terrorist attacks of September 11, 2001, Bush called out an "Axis of Evil" which consists of North Korea, Iran, and Iraq. It is reported that in his 164 addresses before U.S. military invaded Iraq, President Bush kept saying some words, to the effect that freedom and liberty are not America's gifts to the world but God's gifts to humanity.⁶ One excuse that the United States used force against Iraq was that Saddam Hussein and his son as well as their secret

⁶“American President: An Online Reference Resource: George Walker Bush Frontage: Foreign Affairs,” by Miller Center of Public Affairs, University of Virginia, <http://millercenter.org/academic/americanpresident/gwbush/essays/biography/5>.

police had created inconceivable terror against their own people, who should enjoy freedom and liberty just as Americans. At his second inaugural address, Bush proposed the so-called “freedom agenda,” in which he called the goal of U.S. policy “ending tyranny in our world.”⁷ But as the Iraq War illustrates, it is impossible to reach the goal.

The Bush administration carried on some approaches that the Clinton administration had practiced to promote human rights. For instance, Bush nominated Paula Dobriansky, a specialist in the areas of Eastern Europe and the former Soviet Union and daughter of a Ukrainian-American economist and prominent anti-communist activist, as Under Secretary of State for Democracy and Global Affairs. Dobriansky had served in her capacity for eight successive years and has become the one who served the longest in this capacity so far. Besides, the Bush administration continued with its relatively low profile and concrete human rights policy. Washington refused to participate in the International Criminal Court when the court was established. Bush’s concern about human rights was best reflected in its Africa policy, particularly the policy toward Darfur. In Asia, the Bush administration kept exerting pressures on Myanmar’s military regime to release Aung San Suu Kyi, the leader of the opposition. The administration also criticized Beijing on the Tibet issue.

However, the Bush administration’s diplomacy committed to promoting human rights and freedom was widely criticized. The invasion of Iraq was based on intelligence that Saddam had Weapons of Mass Destruction (WMD), which was proved to be a lie. The more controversial case was that President Bush ratified the Central Intelligence Agency (CIA) to establish a secret prison and allowed it to use torture for the sake of anti-terrorism. U.S. soldiers also maltreated detainees in the Abu Ghraib prison in Iraq and Guantanamo Bay detention camp. Cases as such had brought a lot of sharp criticism to the Bush administration. Thereby the image of the administration was damaged and its human rights policy became less convincing.

4.1.1.2 The Origin and Influence of Human Rights Issue in China-U.S. Relations

Once the Cold War was over, one of most important external factor—defending together against the expansions of the Soviet Union—that facilitated the thawing of China-U.S. relations did not exist any more. China’s strategic significance to the United States remains a question for many Americans. Meanwhile, the United States was shifting its foreign policy from the Cold-War foreign policy to the post Cold-War one. In the following years after the Tiananmen Incident in 1989, the

⁷Robert McMahon: “Human Rights Reporting and U.S. Foreign Policy,” *Backgrounder*, Council on Foreign Relations, April 9, 2009, http://www.cfr.org/publication/18939/human_rights_reporting_and_us_foreign_policy.html?breadcrumb=%2Fpublication%2Fpublication_list%3Fgroupby%3D1%26type%3Dbackgrounder%26filter%3D89.

issue of human rights had become an unprecedentedly serious problem for Washington and Beijing. According to many American political figures including members of Congress, improving the situation of human rights in accordance with conditions that the United States required had become a prerequisite for developing U.S.-China relations.

Clinton ran the presidential campaign by following the traditions set by President Carter. He promised to turn democracy, i.e., a broader conception of human rights, to be the major issue of U.S. foreign policy. China policy became one of the most debated issues for the two parties' presidential candidates in the 1991–1992 campaign. Clinton supported democratic members in Congress to criticize President George Bush for “spoiling” China, and claimed that he would draw a clear line with this policy. Moreover, Clinton mobilized Chinese civil rights activists to support him, and indicated that he would support democratic movements in China.⁸ He said that he planned to be tough with China and link China's human rights conditions and a more open society with China's MFN trade status. He made it clear that his China policy would be formulated according to Beijing's human rights performance.

Clinton gradually realized the strategic significance of U.S.-China relations soon after he assumed presidency. Far-sighted persons from diverse fields also reminded him to attach great importance to economic and security issues facing U.S.-China relations. But Clinton was restrained by his commitments to presidential campaign, and more importantly, his China policy still remained at the phase of campaign, firmly believing that forcing China to advance its human rights practices by complying with the conditions Washington required was the key point. When taking a closer look at Clinton's foreign policy team, particularly the China policy team, people will find that almost all team members attached great importance to human rights issue. Secretary of State Warren Christopher once served as Deputy Secretary of State in the Carter administration. He was always concerned about human rights. At the Senate confirmation hearing, Christopher stated that Washington should reconsider its China policy. “Our policy will seek to facilitate a peaceful evolution of China from communism to democracy by encouraging the forces of economic and political liberalization in that great country.”⁹ As one of the key policy-makers for U.S. China policy, Winston Lord, former U.S. Ambassador to China under President Reagan, served as Assistant Secretary of State for East Asian and Pacific Affairs. Lord thought the best approach to attain U.S. goals in its human rights policy toward China was to take a hard line with Beijing. Earlier, after the Tiananmen Incident in 1989, Lord launched bitter attack against the Chinese

⁸Partick Tyler, *A Great Wall: Six Presidents and China: An Investigative History* (New York: Public Affairs, 1999), p. 386.

⁹Wenzhao Tao, *Zhongmei guanxi shi*, Vol. II, p. 237.

leadership. He maintained that the current Chinese regime would not last long amid the democratic transitions happening around the world.¹⁰ Under the circumstances that neither President Clinton knew much about nor was he interested in U.S.-China relations, Lord and other key policy-makers' positions were more than just important. Additionally, some members of Congress advocated imposing pressures on China so as to force Beijing to compromise on human rights. These voices echoed each other in the U.S. policy-making community. In this context, the Clinton administration put forward and finally implemented the policy linking China's MFN trade privileges and China's human rights performance.

The linkage policy distorted U.S.-China relations and hence created the impasse between the two countries. However, the Chinese government would never yield to external pressure and firmly believed that the approach of imposing pressures would definitely end up with failure. In May 1994, President Clinton announced the policy of de-linking China's MFN status with its human rights practices.

A round of debates over U.S. China policy were triggered after the end of the Cold War when the de-linkage policy was put into practice. A wide range of topics were discussed and debated, such as how to deal with the issue of human rights, handle with the relationship between human rights and trade, and manage some other bilateral and multilateral issues including cooperation on regional security and non-proliferation. After these debates, Washington defined the policy of engagement as the major aspect of its China policy in the late periods of Clinton's first term of Presidency. In terms of human rights, improving human rights conditions in China by engaging and through free trade and economic liberalization, not simply by linking human rights and trade or any other approach such as putting pressure, has become the mainstream position.

Entering the WTO is essential for Chinese economy to be integrated into globalization and is also a milestone for China's reform and opening up. China's accession to the WTO requires more reform in a wider range of aspects, including legal and judicial reform, so as to meet the demands by the WTO. At the same time, the United States also expands its attention to China's human rights performance. Washington focuses more on China's economic and legal reform that China committed after its entry in the WTO. In addition, Washington is also interested in assessing the influence of China's accession to the WTO on China's democratic and political reform. Against this backdrop, American academic community enlarged their research agenda. More and more U.S. think tanks set up separate China programs and started to explore the ways to promote China's democracy, the rule of law, and democratic construction, and pay more attention to reform including reform of China's grassroots elections and judicial system, and the like.

¹⁰A *Great Wall: Six Presidents and China: An Investigative History*, p. 390.

4.1.2 *Overview of U.S. Major Think Tanks' Research on China's Human Rights, Democracy, and Rule of Law*

4.1.2.1 **Carnegie Endowment for International Peace**

The Carnegie's China Program is quite large in scale. Carnegie President Jessica Tuchman Mathews is in charge of the program, which was directed under Minxin Pei, a Chinese American scholar between 2001 and 2009. Other members of the program include Douglas Paal, Vice President for studies at Carnegie and director of its Asia Program as well as former AIT Director in Taiwan from 2002 to 2006, senior associate Michael Swaine, Albert Keidel (former Senior Official at the U.S. Department of the Treasury and senior economist in the World Bank Office in Beijing), and Mei Ying Gechlik (Veron Hung), who once was a consultant for the United Nations Office of the High Commissioner for Human Rights. Carnegie's China Program establishes a wide range of cooperative network with research institutions in China, conducts a large amount of research, and provides important consultancy for American policymakers so as to facilitate their better understandings of China and formulate appropriate policies as well. Meanwhile, the program sets up a Chinese language website (Carnegie ChinaNet) and publishes the online *Carnegie China Insight Monthly* (*kaneiji zhongguo toudi*) in Chinese language, which publish articles on China studies written by the endowment or appeared in leading U.S. academic publications. Carnegie therefore becomes the first think tank in the United States that provides a large amount of information—which is unavailable to any other research institution—about China. Since its foundation in 2001 till 2010, the China Program had organized hundreds of activities, including lectures and seminars, and published several hundreds of essays, monographs, policy briefs, and articles.

The Carnegie China Program mainly concentrates on a series of issues concerning China, with primary focus on China's democracy and the rule of law, economic reform, and relations between economic and political reform.¹¹ Through the ways of convening seminars, publishing academic literature and the like, Carnegie has achieved enormous progress in the aspect of research on the rule of law in China.

¹¹See the introduction of Carnegie's China Program on Carnegie ChinaNet at <http://www.carnegieendowment.org/programs/china/chinese/about/ChinaProgram.cfm>. Upon the foundation of Carnegie-Tsinghua Center for Global Policy in Beijing in April 2010, the structure of Carnegie's China Program has changed accordingly. The China Program does not exist any longer, and the above-mentioned website of China Program does not exist either. People will be led to home page of the Chinese-language Carnegie ChinaNet when they type the website of China program. Carnegie's Asia program is now in charge of China studies in the United States. Minxin Pei left the endowment in July 2009, Mei Ying Gechlik does not serve as not non-resident after 2007.

On April 18, 2005, Carnegie China's Rule of Law Program and the Asia Foundation hosted a joint conference "Legal Reform in China: Problems and Prospects," discussing China's reform on its judicial and administrative litigation systems. The conference invited some leading experts from China and the United States. Sandra Day O'Connor, Associate Justice of the United States Supreme Court, gave keynote address for the event. Participants included local judges in the United States, professors of law, China experts, and the principal person-in-charge of Carnegie China Rule of Law Program Veron Hung and Minxin Pei. Zhou Wenzhong, Ambassador of the People's Republic of China to the United States, delivered remarks on China-U.S. relations and legal reform in China. There are some other famous professors of law from Chinese universities, such as He Weifang from Peking University Law School.¹²

In addition, Carnegie carries out some investigation and research programs on China's rule of law by cooperation with research institutions in China. The endowment and the Shanghai Academy of Social Sciences conducted a joint research on *China's Evolving Legal System* in 2009. By conducting "two surveys of litigants in Shanghai covering 214 individuals and 190 companies," the result of the research shows that "China's legal reform remains a work in progress."¹³ Minxin Pei attended a hearing before the Senate Foreign Relations Committee on June 7, 2005, presenting his statement about the rule of law in China, introducing achievements and challenges of China's judicial reform, and offering some recommendations for U.S. policy.¹⁴

As an attorney-at-law in New York and consultant for the United Nations Office of the High Commissioner for Human Rights, Veron Hung has accomplished various research projects on China's judicial reform. An earlier project can be traced back to 2002 on "China's WTO Commitment on Independent Judicial Review," in which she suggests that both the international society and the United States seize the golden opportunity of China's WTO commitment, support China's efforts to establish independent judicial system, and explore the possibilities of building appeal courts and independent administrative divisions.¹⁵ Later on July 26, Hung was present for testimony before the Congressional-Executive Commission on China titled *Protection of Human Rights in the Context of Punishment of Minor Crimes in China*, discussing the legal and human rights problems that re-education through labor in China presents, the current debate in China about its future, and

¹²"Carnegie event: Legal Reform in China: Problems and Prospects," April 18, 2005, http://www.carnegieendowment.org/events/index.cfm?fa=eventDetail&id=764&zoom_highlight=Legal+Reform+in+China+Problems+and+Prospects.

¹³Minxin Pei, Zhang Guoyan, Pei Fei, and Chen Lixin, "China's Evolving Legal System," Issue Brief from Beijing, February 2009.

¹⁴Minxin Pei, Statement to the Senate Foreign Relations Committee, June 7, 2005.

¹⁵Mei Ying Gechlik (Veron Hung), "China's WTO Commitment on Independent Judicial Review," *Carnegie Paper*, No. 32, November 2002.

offering her reasons for proposed abolition of it.¹⁶ She published an article entitled “Improving Human Rights in China: Should Re-Education Through Labor be Abolished?” in 2003, which discusses further about re-education through labor.¹⁷ In another article in 2005 entitled “Judicial Reform in China: Lessons from Shanghai,” Hung argues that while courts have yet to exemplify the rule of law, fairness, and justice in China’s long quest for establishing a “socialist harmonious society,” it is still possible judging from the case of Shanghai.¹⁸

Chinese political system, democratic reform, and corruption and anti-corruption, are also important research areas that Carnegie pays close attention to, and the endowment has already published a vast number of articles and books. The basic point maintained by scholars in the endowment is that the increasing socioeconomic diversity in Chinese society may not result in liberalization and political reform. The Party’s top priority remains what it has always been: “the maintenance of absolute political power.” The one-party rule will persist, but “through a sophisticated adaptation of its system” such as “leveraging the market to maintain political control” and modernizing its authoritarianism to “fit the times.”¹⁹ From 2006 to 2009, the Carnegie had hosted a series of debates—“Reframing China Policy: Carnegie Debates”—on the most critical issues involving China’s economic, political-social, and military evolution and their policy implications. The debates also include discussions about China’s human rights and the sustainable rule of CPC.²⁰ On the series of debates about China’s human rights, development of rule of law, and political reform, Carnegie invited Jacques deLisle, director for East Asian Studies at Foreign Policy Research Institute, professor Andrew Nathan of East Asian Institute at Columbia University, and Roderick MacFarquhar, China specialist and former director of the Fairbank Center for Chinese Studies at Harvard University. Andrew Nathan draws the conclusion at the Carnegie debates over the sustainable rule of CPC on October 5, 2006, that “forces that sustain the authoritarian regime are at work,” and argues that the regime of Communist Party has become more sustainable by adopting a series of policy changes—such as making policy changes to be perceived as a more open regime, forging the campaign against corruption, the abolition of the rural grain tax, and the social welfare that covers most of the population in the country—to respond to these problems arising in Chinese economy and society, even though it had confronted with the incident of

¹⁶Mei Ying Gechlik (Veron Hung), *Protection of Human Rights in the Context of Punishment of Minor Crimes in China*, Testimony before the Congressional-Executive Commission on China, July 26, 2002.

¹⁷Mei Ying Gechlik (Veron Hung), “Improving Human Rights in China: Should Re-Education Through Labor be Abolished?” *Columbia Journal of Transnational Law*, Vol. 41, No. 303, 2003.

¹⁸Mei Ying Gechlik (Veron Hung), “Judicial Reform in China: Lessons from Shanghai,” *Carnegie Paper*, No. 58, March 2005.

¹⁹Perry Link, Josh Kurlantzick: “China’s Modern Authoritarianism,” *Wall Street Journal*, May 25, 2009, <http://www.carnegieendowment.org/publications/index.cfm?fa=view&id=23158>.

²⁰For Carnegie debates over China policy, see <http://www.carnegieendowment.org/2008/03/26/reframing-china-policy-carnegie-debates/2kn>.

June Fourth in 1989, impact of globalization, growing demands of a rising middle class, and the widespread use of the Internet and so on. MacFarquhar, on contrary, claims that the rule of the party is in decay due to the lack of a charismatic leader like Mao Zedong, the weakening image of the party by the Cultural Revolution, and the unappealing Marxism ideological system of the CPC such as “socialism with Chinese characteristics” and “a harmonious society.” He also holds a belief that there will be social unrest in China in the future. Nathan believes, however, that despite an increasing amount of social discontent, the regime has been able to use repression to prevent social disorder from happening and it is thus impossible to imagine the collapse of the Communist regime.

A debate over “U.S. Engagement and Human Rights in China” was hosted on March 5, 2007. “Human rights conditions in the PRC remain inadequate, but they have improved greatly, if unevenly, over nearly three decades,” says Jacques deLisle. The significant improvement in the last decade and a half was due to U.S.’s policy of engagement. Although the implementation of law remains inadequate, laws are “far more compatible with international human rights norms” than earlier. China now has “media and academic outlets for regime critics” ranging from the pro-liberalization “right” to the “new leftist.” “Although they have faced harassment and threats to their livelihoods and freedom, gadflies and mavericks dot the Chinese landscape.” However, some areas are still under strict control, including political speech, organized political participation and “unauthorized religious groups.” Furthermore, campaigns of “strike hard” and anti-corruption drives have undercut procedural protections. Lastly, deLisle observes, “much evidence supports the claim that engagement has worked better than a much harder line would have.” As for specific approaches of engagement, he recommends several practical measures. Since China has acceded to two significant international covenants, viz., International Covenant on Economic, Social and Cultural Rights and International Covenant on Civil and Political Rights, and it “began to concede the universality of human rights,” the United States therefore should focus its policy on how to urge China to implement these international covenants. Sharon Hom, executive director of Human Rights in China, holds a different viewpoint on how to maintain U.S. economic and political ties with China and how to make U.S. China policy more effective although she does not oppose to adopt the policy of engagement toward China on the issue of human rights. She suggests the United States to take a hardline approach toward China by pressing China to ratify the International Covenant on Civil and Political Rights and she thinks of it as a benchmark for human rights. She makes a proposition that the United States “exploit the final lead-up to the Olympics,” and not be afraid of using the terminology of human rights.

Through the serial debates hosted by the Carnegie, experts on Chinese democracy, human rights, and the rule of law took the chance to voice their opinions and compare them with one another. Thanks to these debates, the endowment per se greatly improves its influence in China studies in these and other extensive research areas.

4.1.2.2 The Brookings Institution

As one of the most prominent and oldest think tanks in the world, the Brookings has long started China studies, which were affiliated to the Center for East Asia Policy Studies. In April 2005, Brookings decided to separate out China studies from the Center and established Program on China Studies. The program was under the direction of senior diplomat Jeffrey Bader as the first director. In October 2006, the institution established China Center on the basis of the previous China Studies Program.

Scholars at the China Center have conducted extensively on critical issues related to China's modernizations with a focus on four parts, economic and trade, China's domestic challenges, energy policy, and foreign policy. The research area of China's domestic challenges includes national and regional governance, political leadership, reform of the financial services and state-owned enterprise sectors, health policy, urbanization, and sustainable development and the environment. In particular, the Brookings enjoys a good reputation of research tradition on China's democracy, the rule of law, and human rights. The famous China expert Harry Harding, who had worked for more than ten years at the Brookings from the 1980s to 1990s, is one of American scholars doing impressive research on U.S.-China relations and the related issue of human rights.²¹ Among experts and staff in the institution, Kenneth Lieberthal and Cheng Li are in charge of the area of research on China's domestic challenges. Under their leadership, the Brookings has conducted research extensively on China's democratic construction, reform of judicial system, political reform, Chinese leadership, middle class, younger generation particularly the phenomenon of "Fenqing" (cynical youth) by publishing articles, convening workshops, and etc. The institution's research agendas include China's domestic politics, particularly on democracy, the rule of law, political reform, and human rights, which means the Brookings needs some research staff equipping with a China-related background. The Brookings indeed has. Experts from the institution explain a changing China in the way that Americans could understand well, and they would also explain U.S. concerns with a language that Chinese people could understand. Brookings' Cheng Li, Wing Thye Woo, and Jing Huang among others are competent in this regard.

By taking advantage of the convention of the 17th National Congress of the CPC, the Thornton China Center concentrated on research on China's political reform and democratic development including Chinese changing leadership, composition of the centers of powers, power utilization and the future of China. The Brookings organized a group of Chinese and American scholars in 2008 to write articles regarding Chinese political prospects. Cheng Li edited a book entitled *China's Changing Political Landscape: Prospects for Democracy*, discussing the

²¹For example, the chapter by Harding, which is entitled *Breaking the Impasse over Human Rights* in the book—*Living with China: U.S.-China Relations in the Twenty-First Century*—edited by Ezra F. Vogel in 1997, has been considered to be one of the most insightful articles that U.S. academic field ever had shedding light on U.S. policy toward China's human rights.

prospects for China's democracy, including changing leadership dynamics, the rise of business elites, increased demand for the rule of law, the commercialization of the media, and shifting civil-military relations. Contributors of this book include Cheng Li and Erica Downs, as well as some other China experts such as Andrew Nathan, David Shambaugh, James Mulvenon, and Chinese political scientist Yu Keping from the Compilation and Translation Bureau of the Central Committee of the Chinese Communist Party. The areas of research involve Chinese economy, military, energy, and diplomacy.

Discussions about China's democratic reform and human rights in the China Center culminated around the 2008 Olympics. The Center sponsored to publish the book *Democracy Is a Good Thing: Essays on Politics, Society, and Culture in Contemporary China*, with a foreword written by John Thornton, Chairman of the Board of Trustees of the Brookings, and an introduction by Cheng Li. This book is a compilation of Yu Keping's essays in recent years on Chinese society, political development, culture, modernization, sustainable development, globalization, governance, and etc., promoting discussions of China's democracy and political development.

After entering into 2009, the Thornton China Center explored some other areas including China's democratic development, elections, judicial system, middle class, and intra-party democracy. Judging from the development of China's middle class, commercialization of the media, development of civil society groups, expansion of lawyers, and the emergence of the CPC's intra-party democracy, experts at the China Center concluded that democratic development in China had maintained a good momentum. On April 29, 2009, the China Center hosted a seminar—"Understanding China's 'Cynical Youth': What Does the Future Hold?" The seminar specifically explained the unique social phenomenon of "cynical youth", which was meaningful to American and European policymakers because these "cynical youth" hold nationalistic attitude and frequently express anti-American sentiment. Understanding them, therefore, means a better understanding of the trajectory of China's political development and of their potential influence on Chinese foreign policy. A summary essay with the same title appears at the website of the Brookings on May 4. Additionally, the Center hosted a diverse group of scholars to discuss China's middle class on September 22 and 23. Paper presenters discussed a lot on Chinese middle class, including the concept as well as its composition, value and world outlooks, political participation, and social stratification compared to its counterparts around the world. China's housing reform was also under discussion. On April 6, 2010, the Center hosted a seminar on "Chinese Foreign-Educated Returnees: Shaping China's Future?" Scholars discussed the impact of this group of people on China's political system and foreign policy.²²

On the whole, the Brookings's research related to China on domestic politics, democratic development, civil society, and the rule of law maintains an upward

²²For more details about the aforementioned discussions on China's democracy, rule of law, and human rights, please see the website of Brookings at www.brookings.edu.

momentum. Having recruited a group of research fellows and received a large amount of financial funding, the China Center has done research on political reform, leadership transition, democracy and development of civil society, and has expanded its influence via publishing a series of books and articles.

4.1.2.3 Council on Foreign Relations

The CFR has a tradition of combining Chinese rule of law with the issue of human rights. Major China experts at the CFR include Jerome Cohen, Elizabeth Economy, Evan Feigenbaum, Adam Segal, Joshua Kurlantzick, and Nicole Lewis. On the issue of human rights, the majority of council members maintain that the United States supports the development of domestic forces in China so that the situations of human rights there could accordingly be improved. Literature on China's human rights has proliferated over the past decades since the 1990s. CFR's research on China's human rights, democracy and the rule of law is mainly directed by Jerome Cohen, adjunct senior fellow and expert on Chinese law. Over past years Cohen has focused his research on China's rule of law and development of human rights, and criticizes problems facing China in these two realms. Furthermore, in order to exert influence on U.S. and some other countries' perceptions of China's rule of law and human rights, he voiced his opinions to the public by testifying at hearings before Congress, hosting roundtable meetings, and publishing editorials in media. His earlier works include a book *The Criminal Process in the People's Republic of China, 1949–63*, co-authored books titled *Contract Laws of the People's Republic of China* in 1988 and *People's China and International Law* in 1974. Moreover, Cohen's essays appear at some newspapers, such as *South China Morning Post*, *Washington Post*, *Washington Times*, and *Wall Street Journal*. These essays discuss various aspects of Chinese law, ranging from criminal law, Supreme Court, appeals to people's court, bail, to China's legal system reform. Cohen holds the view that while China has maintained tremendous progress in terms of economic and societal rights, there are more tricky issues facing the aspects of political and civil rights. He also closely follows human rights lawyers (*weiquan lüshi*) and human rights activists in China. Cohen has been present for many times at hearings before Congressional-Executive Commission on China since 2005.

Elizabeth Economy is another well-known China expert at the CFR, and now director for Asian Studies. Her abundant research on China covers a variety of aspects, especially U.S.-China relations, China's domestic politics and foreign policy, and global environmental issues. On China's domestic politics, she is concerned about environmental problems and the resulted human rights issues. In her testimony before Congressional-Executive Commission on China on October 7, 2009, Economy presented her statement on "Human Rights and the Rule of Law in China." In the statement, she thinks, "China's leaders are concerned about the country's environment above all because it is limiting opportunities for future economic growth, harming the health of the Chinese people, and has become one of the leading sources of social unrest throughout the country." There are some

problems facing environmental governance in China, such as “a lack of transparency, official accountability and the rule of law.”

The CFR’s Asia Program hosts roundtables to discuss some specific issues. A famous one is the Winston Lord Roundtable that was initiated in 1996. The roundtable focuses on Asia, the rule of law, and U.S. foreign policy. Research on China’s rule of law is in the charge of Jerome Cohen. By convening meetings and inviting experts on Chinese law from the United States and China periodically, the roundtable discusses the rule of law in China, including its observation of international law. Some relevant topics that have been discussed since 2005 include “China: Law and Activism,” “Sino-American Cooperation in Building China’s Legal System,” “Rural Development in China,” “Growing Rights Consciousness in China? The Significance of Merle Goldman’s ‘From Comrade to Citizen,’” “China’s Environmental Crisis and the Rule of Law,” “China and the United Nations’ Human Rights Mechanisms: Cooperation or Confrontation?” “Legal Uncertainty in Foreign Investment in China,” “Building Civil Society in China: The Special Olympics,” “China’s State Secretes System: Impact on Rule of Law,” “China’s New Lawyers Law and the Roles of the Legal Profession,” “The Role of the Legislative Affairs Commission in China’s Lawmaking Process,” “Corruption with Chinese Characteristics: How Should the International Community Respond?” “Will China Comply with International Labor Law?” “The Controversial Role of China’s Courts,” and “Are Lawyers the Vanguard of Political Liberalism in China?” These research topics almost cover all aspects of the current situations of rule of law and legal reform in China and embody pioneering research on China studies.

4.1.2.4 Center for Strategic and International Studies

The CSIS’s Freeman Chair in China Studies has strong policy guidance and is dedicated to providing policy analyses and recommendations, and professional advice on greater China and East Asia for foreign policy and other governmental departments as well as business circle. Currently Charles Freeman serves as director of Freeman Chair in China Studies. He is son of Chas Freeman, a preeminent China expert. Charles Freeman is adept at Chinese economy studies and has already made great achievements. Other China experts at the Center include Bonnie Glaser.

The priority research direction at the Freeman Chair in China Studies is the political, economic and social challenges facing China and their implications for China-U.S. relations and U.S. strategic interests. In recent years, led by the Freeman Chair in China Studies, the CSIS and the PIIE have launched a joint multiyear project entitled “China Balance Sheet.” The project brings together leading specialists and experts on China studies from the two think tanks and provides regular, comprehensive and objective information and analyses of the changing role of

contemporary China, both domestically and internationally. Its purpose is to help the United States better understand the facts and motivations of China's rise and provide policy recommendations. The project is co-chaired by Peterson Institute director Fred Bergsten and CSIS president John Hamre, while Charles Freeman and Nicholas Lardy, famous expert on Chinese economy, are actually in charge of it. The project has already published two books: *China: The Balance Sheet* in 2006, and *China's Rise: Challenges and Opportunities* in 2008.²³ Freeman Chair in China Studies covers China's domestic politics, including China's social problems, corruption, population, public welfare, environment, political reform, NGOs, human rights and religious freedom, central-local relations, mass media, the rule of law, and cyber security.²⁴

Research by the CSIS on China's democracy, human rights and the rule of law is mainly reflected in the two books above. The authors believe that CPC has launched somewhat political reform in accordance with economic reform, but the purpose of the political reform is to better maintain the party's leadership. Measures include direct elections at the village level in townships and counties, reform of urban community residents autonomy committees in some cities, and promotion of intra-party democracy and accountability. The authors argue that the party has successfully incorporated the emerging commercial middle class and intellectuals into its orbit. With respect to China's political reform and democracy, they think that China is now transforming to be a more open political system, and claim that China will not, at least in the short term, follow the Western-style democracy but build socialist democracy with Chinese characteristics because of the lack of public support of Western liberal democracy. They suggested the United States to deal with the CPC-ruled China and be realistic on this matter.

According to authors of the two books, "China's record on human rights and religious freedom is rightly open to criticism, both from within China and from the international community." By quoting data and reports from Amnesty International, the UN special rapporteur on torture, U.S. Commission on International Religious Freedom, U.S. Congressional-Executive Commission on China, and U.S. State Department, they hold that the record of human rights and situation of religious freedom present a "mixed picture." Some important progress is evident, as "Beijing no longer simply dismisses international norms" and has agreed to dialogue with the United States and the European Union. Moreover, China has ratified the UN International Covenant on Economic, Social, and Cultural Rights. However, a backsliding in human rights and religious freedom has appeared in China in recent years. Whether the current backsliding is a sign of a fundamental shift in policy is

²³Chinese versions of these two books are available now in China, they are *The Balance Sheet China: How U.S. Think Tanks See China's Rise*, by the Center for Strategic and International Studies and the Peterson Institute for International Economics, translated by Long Guoqiang (Beijing: China Development Press, 2008) and *China's Rise: Challenges and Opportunities*, by the Center for Strategic and International Studies and the Peterson Institute for International Economics, translated by Cao Hongyang (Beijing: China Development Press, 2011).

²⁴For more details about the China Balance Sheet, see: <http://csis.org/program/china-balance-sheet>.

unclear. They consider pressing Beijing for improvements in its human rights record is “an indispensable part of the United States’ China policy,” but such efforts should be “accompanied by informed and realistic expectations.”²⁵

They also indicate that China is moving toward the rule of law. For example, the NPC has enacted and updated more than 200 laws and China has also concluded a large number of international agreements, including 21 international conventions on human rights and WTO accession agreements. The NPC “is being made more professional, transparent, and responsive” away from a “rubber stamp.” The “1989 Administrative Litigation Law” and “the 1994 State Compensation Law” grant citizens the “unprecedented right to sue the government.” The 1996 Administrative Penalties Law and 2004 Administrative Licensing Law impose procedural constraints on government action itself. Furthermore, there are now more than 140 thousand licensed lawyers, 600 law schools, and around 13 thousand law firms in China. In 2007, the NPC passed the landmark Property Law of the PRC, granting Chinese citizens the right to protect their private property. “No one claims that China is today a rule of law country,” however. “The harsh criminal justice system is still plagued by torture, aggressive defense lawyers are likely to end up as defendants themselves.” Only 40% of judges hold a bachelor’s degree. The judicial system is dependent on government because “Judges are appointed and remunerated by local-level PC’s.” The authors also recognize that establishing the rule of law in China is “a complex and often unprecedented process.” China’s evolving administrative laws and new regulatory practices represent substantial change in traditional Chinese political culture as well as “represent positive developments that may contribute to helping improve and strengthen the legal system over the long-term.” But political interference in legal system still exists. “The political obstacles to suing the state ... clearly remain.” China issued a white paper in 2008 on China’s rule of law, claiming it would build a socialist legal system with Chinese characteristics and rule by law. At the same time, the paper notes that CPC “takes the lead in safeguarding the authority of the Constitution and the law,” and it will lead the people in “making and abiding by laws and guaranteeing law enforcement.” On balance, there is quite a long way to go for China to be a rule of law country.²⁶

4.1.2.5 The China Village Elections Project of the Carter Center

The Carter Center’s China Village Elections Project (CVEP) is special compared with other think tanks. It was initiated in 1997 when former President Jimmy Carter visited China. After a period of experimental phase, the Center signed a three-year

²⁵For the part of “human rights and religious freedom” of the China Balance Sheet, see http://csis.org/files/media/csis/pubs/080916_cbs_1_humanrights.pdf.

²⁶For the part of “rule of law” of the China Balance Sheet, see http://csis.org/files/media/csis/pubs/080916_cbs_1_ruleoflaw.pdf.

agreement with China's Ministry of Civil Affairs to cooperate comprehensively on China's village committee election in March 1998.²⁷ The two sides agreed to build Computer Information Systems for election of village committees in four provinces of China and jointly launch training programs for deputies to people's congresses at grassroots level, officials for village election works, and the elected directors of village committees. In order to standardize election procedures across Chinese villages, the Carter Center would also observe village elections in different places, help civic education, and organize deputies to people's congresses, officials from Ministry of Civil Affairs and scholars to observe elections in the United States and other countries. At the same time, the Carter Center cooperates with the NPC of the PRC to amend election laws and monitor village elections. The CVEP receives financial support from the AT&T Foundation, the Ford Foundation, the United States-China Business Council, the J.P. Morgan Chase Foundation, and the Loren W. Hersey Family Foundation.

The Carter Center has begun to observe village elections in China since 1998 in some places such as Hunan and Chongqing. A larger election was hosted in January 1999, when the Carter Center was invited by the Foreign Affairs Committee of the NPC to send a delegation to observe direct elections of township people's congress (TPC) deputies and indirect elections for township government and leaders of TPC in Chongqing municipality. "This is the first time ever that a foreign organization was allowed to observe elections above the village level in China."²⁸ President Carter even observed a village election in person held in Jiangsu province in 2001. Meanwhile, the Carter Center cooperated with research institutes under the Chinese Academy of Social Sciences (CASS) and the NPC. The Center participated in several pilot elections of township people's congress deputies and pointed out the existed problems. It provided advice for the revisions of the *Electoral Law of the National People's Congress and Local People's Congresses of the People's Republic of China* and *Organic Law of the Local People's Congresses and Local People's Governments of the People's Republic of China*. The revision of the two laws is quite likely to affect all procedures guiding direct and indirect elections in China eventually. Besides, the center and its cooperative partner in Beijing jointly hosted two international symposiums on village elections, "Villager Self-government and Rural Social Development" and "Advancing Political Civilization and Political Modernization in China." It also organized a national essay contest on village elections, self-government and political reform. Furthermore, it played a role in amending, editing and publishing the *Rules of the Villager Committees of the PRC* (zhonghuarenmingongheguo cunweihui xuanju guicheng), *Collected Essays on Village Self-government* (cunmin zizhi luncong), and *Series of Observing Village Elections and Governance in Contemporary China*

²⁷The Carter Center: The Carter Center in China, p. 1, <http://www.cartercenter.org/resources/pdfs/factsheets/china-facts.pdf>.

²⁸The Carter Center Report on Chinese Elections, Observations (January 5–15, 1999) & Cooperation Activities (August 1, 1998–January 15, 1999), <http://www.cartercenter.org/documents/538.html>.

(dangdai zhongguo nongcun xuanju yu zhili guanmo congshu). Lastly the center has maintained and regularly updated an information website about Chinese village self-government and local democracy and a bilingual website—"China Elections and Governance" (www.chinaelections.org)—both in Chinese and English languages.²⁹

Thanks to a grant from the Starr Foundation and with cooperative efforts from the Ministry of Civil Affairs (MCA) and the GC Information, Inc., the CVEP installed fourteen computers in three pilot provinces as well as Beijing in summer of 1998. It sponsored training sessions on data collection of village elections and electoral procedures. Data collection started to work in 1999, and the data were transmitted to the MCA. The Carter Center also organized the MCA's first delegation to the United States to observe the electoral process in Atlanta, Georgia in August 1998.³⁰

During the 3 years from 1998 through 2001, the CVEP had conducted cooperative activities with the MCA every year. For example, it invited MCA official to the United States to observe elections and issued reports, wrote summaries and provided detailed analyses of China village elections it had observed. Specifically, the Center analyzed issues in details concerning electoral procedures, indicated problems of elections, and provided recommendations for improvement. Furthermore, the Center cooperated with other organizations including the International Republic Institute (IRI), Ford Foundation, and National Democratic Institute (NDI). It also shared its experience in observing China elections with governmental and non-governmental organizations from Canada, Great Britain, Spain, and some other European countries, and communicated directly with the China village election project of UN Development Programme and the China Rural Governance Project of the European Union.

During its work in China on village elections, the Center established constructive relationships with many Chinese government agencies and academic institutions, including the NPC."³¹ At the invitation of Chairman of the NPC's Foreign Affairs Committee, Carter visited China in September 2001 and met with the then Chinese President Jiang Zemin, NPC Standing Committee Chairman Li Peng, and some other leaders. During his visit in China, Carter and his delegation were also present at the International Symposium on Villager Self-Government and Rural Social Development in China held in Beijing by the Carter Center. Another activity worth noting was that Carter observed a village election in Zhouzhuang Town, Jiangsu Province.³² He utilized his influence in China, raising the questions of the application of village electoral procedures in higher levels and the application of direct

²⁹The Mission of President Jimmy Carter to the People's Republic of China, September 2–6, 2001, <http://www.cartercenter.org/documents/541.html>.

³⁰"The Carter Center Report on Chinese Elections, Observations and Cooperative Activities," <https://www.cartercenter.org/documents/538.html#7>.

³¹Ibid.

³²"The Mission of President Jimmy Carter to the People's Republic of China, September 2–6, 2001," <https://www.cartercenter.org/documents/541.html>.

elections for township people's congress deputies and indirect elections for township administrations. Carter's visit to China caused huge attention in both Chinese and western media, which reported extensively about the issue and thereby more people were able to take notice of grassroots elections in China.

As the MCA is the principal agency responsible for villager self-government and village elections and the NPC is responsible for overseeing grassroots elections in the whole country, the Carter Center's cooperative relationship with them has facilitated its technical assistance to village elections in China. The Center extended its agreement with the MCA for three more years when it expired in 2002.³³ The agreement was not renewed when it expired in 2005 and consequently the center ceased to observe village elections in China. At the invitation of the MCA, the center again observed villager committee elections in Yanjin County, Zhaotong Prefecture, Yunnan Province in March 2010. And this is "the first time the Center has observed village elections since 2005."³⁴

The Carter Center continued to observe and monitor various forms of elections at grassroots in China. It also launched new research programs according to emerging problems facing Chinese grassroots society. After establishing standard electoral procedures for village elections, the Center since 2002 cooperated with the NPC to assist to establish standard procedures for elections at township and county levels and help training deputies of people's congresses to participate in the administration and discussions of state affairs. The center was invited by the MCA to provide suggestions to revise the *Organic Law of Village Committees* in 2006.³⁵ In 2007 it continued to collaborate with the China University of Political Science and Law (CUPL), and provided joint recommendations for legislation of social security. The center also established a joint research center with CUPL on social development in China, which initiated a small program authorized by an urban community to help building up adequate channels for urban residents to express their viewpoints in the same year.³⁶ The Carter Center continued to invite MCA officials to visit the United States and observe American elections. It was the fifth time that the center did this in 2008. Since 2007, the center, while continuing to observe grassroots elections, cooperated with the MCA to expand new projects to

³³"The Carter Center Annual Report 2002–2003," August 31, 2003, p. 12, <http://cartercenter.org>. The cooperative program between the Carter Center and the MCA on observations of China elections stopped working after that. But some other types of elections observations and cooperative projects are still in progress. Interview with Anne F. Thurston, summer, 2010, Washington, DC.

³⁴"Final Report of the Carter Center Limited Assessment Mission to the March 2010 Villagers Committee Election in Yunnan Province, China," <http://www.cartercenter.org/resources/pdfs/peace/china/2010-china-village-elections-rpt.pdf>.

³⁵*The Carter Center Annual Report 2005–2006*, August 31, 2006, p. 18, <http://www.cartercenter.org>.

³⁶*The Carter Center Annual Report 2006–2007*, August 31, 2007, p. 17, <http://www.cartercenter.org>.

“focus on rural and urban community building, civic education about rights and laws, and citizen participation in politics.”³⁷

The Carter Center employed the Internet to affect village self-government, grassroots elections and some other types of elections in broader perspectives in China. In cooperation with the Institute of Comparative Politics and Economics, Renmin University of China, the Center launched a website called “China Elections and Governance” (www.chinaelections.org) in July 2002. The website is updated consistently. Many in-depth articles are available on it, which results in increasing click rates, being visited 3.62 million times in 2006.³⁸ A large number of intellectuals and ordinary people who concentrate on elections, democracy, and political reform visit the influential website frequently. The website worked smoothly because of the Center’s long-term cooperative ties with the Chinese government and its compliance with relevant rules when many similar websites were asked to shut down. In a competitive evaluation launched by *Southern Weekly (nanfang zhoumo)* in 2009, a weekly newspaper based in Guangzhou, the “China Elections and Governance” website was recognized as a “top organization working for promotion of public interest in China.” Due to its “profound and sophisticated analysis of China’s most important public events,” the website was thought as “an excellent platform from which government officials can observe public opinion and upon which officials and citizens can communicate with each other.”³⁹ The center has also maintained *zhongguo cunmin zizhi xinxiwang* (China Villager Self-government Information; www.chinarural.org) and plans to establish two more websites. The center since 2009 has begun to publish the quarterly *China Elections and Governance Review*, which is devoted to addressing issues that people are concerned during the process of Chinese political development. The topics of the review include “The Internet and Political Reform,” “Electoral Innovations and Experiments,” and “Does the China Model Exist?”

The Carter Center exerts unique influence on China’s democratic process. The Center’s good cooperative relationships with the NPC and the MCA enable it to conduct its China project more smoothly and play a positive role in the construction of the rule of law and democratic transformations in China.

4.1.2.6 The American Enterprise Institute’s Research on Chinese Civil Society and Culture

The AEI’s Asian Studies Program is one of the main platforms in the study of Asia and China. China experts working in the institute before 2003 included Arthur

³⁷*The Carter Center Annual Report 2007–2008*, August 31, 2008, p. 12, <http://www.cartercenter.org>.

³⁸*The Carter Center Annual Report 2005–2006*, August 31, 2006, p. 18, <http://www.cartercenter.org>.

³⁹“China Elections and Governance Online Receives Top Web Awards From China-Based Publications,” January 6, 2010, <http://cartercenter.org/news/features/p/china/awards-010610.html>.

Waldron and former U.S. Ambassador to China James Lilley. Waldron had served as director of Asian Studies from 1996 to 2003. As a historian professor at the University of Pennsylvania, his research focuses on military power of the PLA, U.S. Taiwan policy, cross-Strait relations and China's political and economic reform. In 2005, the AEI and National Defense University's Institute for National Strategic Studies cohosted a series of seminars on China's influence in Asia and the implications for the United States. They invited a lot of prominent China experts, who addressed a wide range of issues regarding China's economic growth, military modernization, China's strategic role in Asia, application of China's soft power in Asia, Asian countries' response to a rising China, and China's increasing influence in Asia and its implications for U.S. national interests.

Waldron had published numerous books and essays on China's democracy, human rights and the rule of law, and hosted a series of seminars on China's democratization. In addition, as a Chinese American scholar and research fellow at the AEI around 2006, Ying Ma focused her research on China's democratic reform and published a series of essays. She argues that the possibilities of China's democratic reform currently are slim and U.S. economic engagement policy does not spur China's freedoms and democratization.⁴⁰

In 2006 the AEI initiated a Tocqueville on China project, which offers a fresh look at contemporary Chinese civic culture and democratization. The project leaders are Dan Blumenthal and Gary Schmitt. It studies democratization in contemporary China by applying Tocqueville's method of comparative politics. Believing that a lot of research literature are devoted to Chinese economy, foreign and defense policies, human rights record, business practices, corruption levels, environmental policies and demographics, the AEI turns to China's civic culture which lacks enough attention. The project since November 2006 had hosted four symposiums. The first symposium offered a general introduction of the project, and hosted scholars specializing in Tocqueville and the China issue for discussing how to launch the project. The second, third and the fourth symposiums respectively addressed the role of religion in Chinese civil society, the activities and influence of NGOs in China, and the complex issue of Chinese nationalism. The project also commissions some China experts to write papers on civil society and culture in contemporary China. The symposium invites different experts to discuss diverse issues. The second symposium invited Ryan Dunch, a historian at University of Alberta specializing at Christianity in China, and Richard Madsen, professor of sociology at the UCSD, to talk about the role of Christianity in China. Jacqueline Newmyer, the then Fellow of the Belfer Center's International Security Program at Harvard University talked about popular religions' role in Chinese society. Fenggang Yang, founding director of the Center on Religion and Chinese Society at Purdue University and expert on Chinese religions, gave lectures on Confucianism and Chinese moral ethics. William Kristol, a representative of American

⁴⁰Summary of Ying Ma's speech on the event "Economic Engagement and Freedom in China," <http://www.aei.org/EMStaticPage/1272?page=Summary>.

neoconservative, and Anna Brettell from National Endowment for Democracy delivered lectures on Tocqueville and civil society and NGO in China, respectively. It also invited a scholar from Beijing to provide more details about cooperation among NGOs in China. The third symposium hosted many other scholars, including Suisheng Zhao from Denver University to address the relationship between nationalism and patriotism in China, Peter Hays Gries from the University of Oklahoma to talk about China's nationalism and China's influence to the world, and Dru Gladney, expert on Chinese Muslim and minority ethnic groups in Central Asia from Pomona College in California to elaborate Chinese nationalism and multi-ethnic empire.⁴¹

The AEI's research on Chinese civil society and culture is at its initial stage. Because the institute attempts to understand China by focusing on Chinese civil society, its research is therefore characterized by typical conservatism. Tocqueville on China project in recent years did not host any new seminar or discussion, nor did it publish any new article. The project is actually in a stage of stagnation.

4.1.2.7 The Heritage Foundation

There is no single center for China studies in the Heritage Foundation. China experts at the foundation's Asian Studies Center mainly conduct research on U.S. China policy. Concerning its research on China's democracy, human rights, and the rule of law, the Heritage has been advocating Taiwan's democracy, and regards it as a showpiece of democratization in Chinese society. By writing extensively and testifying at Congressional hearings, Stephen Yates and John Tkacik rebuked Chinese human rights record, and argued that China's military and economic rise would threaten the peace of both U.S. and the Christian world. They also criticized President Bill Clinton's "three no's" speech in Shanghai as a betrayal of freedom and democracy. Besides, Yates and Tkacik expressed their deep concerns about the gloomy circumstance of China's democracy after Clinton's visit to China, maintaining that to establish a "constructive strategic partnership" was unfeasible. Being considered as a Blue Team banner holder in the field of China studies, Tkacik is very productive. He at many times talked bluntly about the June Fourth Incident, the issue of Tibet and Taiwan. His research and commentaries, however, do not fall into the mainstream of China studies. Many prominent China experts therefore treat Tkacik with scorn.

As Stephen Yates⁴² and John Tkacik left the foundation, the Heritage's criticisms to China's democracy and human rights record decreased. So did its influence. Derek Scissors, Dean Cheng, Walter Lohman, and some other fellows

⁴¹For the above-mentioned contents, see the website of AEI: <http://www.aei.org/yra/100000?parent=2>.

⁴²Stephen Yates served as Deputy Assistant to the Vice President Richard Cheney for National Security Affairs in 2001 during the administration of George W. Bush, but he later returned to the Heritage Foundation again.

continue to carry out their studies on China from diverse perspectives. Their critical attitudes toward China, however, have never shifted. To some extent, Heritage's research on China reflects some U.S. conservative's attitudes toward that country.

4.1.2.8 The Woodrow Wilson International Center for Scholars

Unlike other think tanks aiming at influencing policymaking, the Woodrow Wilson Center is more like a "living memorial" and a gathering place for the best and brightest scholars, officials and businessmen from around the world. The Wilson Center does not attempt to influence policy. It lays equal importance to policy research and academic studies. Although it has its own research team members, the Wilson Center receives dozens of visiting scholars to do research from the United States and around the world. The staying periods of these visiting scholars vary from three months to one year, making them the main constituent research body of the Center. It is interesting to note that the Wilson Center has no fixed research issues; instead, visiting scholars' research interests decide the direction of the center. For example, the widely recognized China expert David Shambaugh's *China's Communist Party: Atrophy and Adaptation* was accomplished in 2005 when he was a visiting scholar at the center.

The Wilson Center's Asia Program and China Environment Forum (CEF) are in charge of research and studies on China. The Wilson Center's major research in recent years on Chinese democracy, human rights and the rule of law includes *China's Democratization: Probability and a Possible Road Map* by Junhua Wu (visiting term 2009–2010); *Integrating Wealth and Power in Contemporary China: The Evolving Influence of "Red Capitalists"* by Bruce Dickson (visiting term 2006–2007), professor at the George Washington University's Elliott School of International Affairs. The book discusses the relationship between Chinese government and private enterprises, and provides details on how China integrates its political and economic elites, and evaluates the influence of local officials and entrepreneurs. *Institutionalization and Reform of the Chinese Communist Party* by Joseph Fewsmith (visiting term 2005–2006), director of the East Asia Interdisciplinary Studies Program at Boston University, which studies the ruling CPC's reform—including intra-party democracy and optimizing the party's ruling ability—in recent years and analyzes the prospects of China's democratization; *The Diffusion of International Governance Norms in China* by Hongying Wang (visiting term 2005–2006), associate professor of political science at Syracuse University, which studies the diffusion of numerous international governance norms—such as balance of power, the rule of law, transparency, and elite management—in China; *Democracy, Stability and the Dilemma of Political Reform in China* by Anne Thurston (visiting term 2004–2005), associate professor of China Studies Program at the Johns Hopkins University's School of Advanced International Studies, which provides an in-depth analysis of emerging NOGs in China, village

elections, and development of religious groups that might spur China's democratization or cause turmoil as well as their potential policy implications; *Information Technology, Environmental NGOs, and Grassroots Democracy in China* by Guobin Yang (visiting term 2003–2004), associate professor of Department of Sociology at University of Hawaii at Manoa, which explores the function of IT and environmental NGOs to the grassroots democracy in China.

Except visiting scholars' research achievements, the Wilson Center's Asia Program publishes numerous issues of special reports concerning development of China's democratization and political reform. The Asia Program Associate Gang Lin in 2000 moderated a seminar entitled "Developing Civil Society in China: From the Rule by Law toward the Rule of Law" and published a special report soon afterwards. The seminar invited some notable experts on Chinese laws—including Michael Dowdle, senior research fellow at the Columbia Law School's Center for Chinese Legal Studies, Pitman Potter, professor and director of Chinese Legal Studies, University of British Columbia, Hungdah Chiu,⁴³ director of the East Asian Legal Program, and Alison Conner, professor of law at University of Hawaii—to discuss China's quest for the rule of law. They concluded that U.S. government should adopt a realistic policy of engagement and not expect that China would implement the American style of rule of law overnight. Instead, the United States was recommended to attach more importance to promote the development of civil society in China. In June 2001, Lin edited a special report on *China's Political Succession and Its Implications for the United States*. The Center invited Andrew Scobell, a China expert at U.S. Army War College's Strategic Studies Institute, Murray Scot Tanner, senior political scientist at the RAND, and Cheng Li of Hamilton College for discussion. The Wilson Center and UCSD's Institute on Global Conflict and Cooperation (IGCC) conducted a joint research and published a report on the 16th National Congress of the Communist Party of China in 2002. The discussion was co-chaired by Gang Lin and Susan Shirk, director of IGCC. H. Lyman Miller, expert specializing in CPC from U.S. Naval Academy, introduced China's political procedures and the 16th National Congress of the Communist Party of China. David Shambaugh studied leadership succession inside Chinese military. Richard Baum, professor of political science at UCLA, claimed that when facing with more pressure Chinese leaders would carry out some institutional reforms. From 2002 through 2006, the Asia Program launched research on some aspects relevant to China's democracy and the rule of law. Some other research topics include "China's Mass Media and Academic Freedom," "China's 'Credibility Gap': Public Opinion and Instability in China," "The Mainland's Crisis: Chinese Countryside's Discontent," and "China and Democracy: A Contradiction in Terms?"

⁴³He was Professor Emeritus of Law at University of Maryland before he died in April 2011 in the United States.

4.1.2.9 The Asia Foundation's China Program on Legal Reform

The Asia Foundation is committed to advancing mutual interests in the United States and the Asia-Pacific. Founded in 1954, the Asia Foundation has been working with private and public partners in the areas of leadership and institutional development, exchanges, and policy research over the past 60 years.

The Asia Foundation has established its program in China since 1979. The Foundation's China program supports activities related to law and governance, local government reform, development of NGOs, women's empowerment, and constructive U.S.-China relations. Its currently sponsored programs are concentrated on administrative law reform, legal aid, promotion of legal education, and enforcement of labor law. The program on administrative law reform—which was conducted jointly by Chinese Academy of Governance, Peking University's Law School, and the Administrative Law Research Group of the PRC—attempts to formulate some mechanism that can prevent misuse of the state power, regulating the functions of government agencies at different level, defining civil rights, providing compensation for citizens that are treated unfairly by the government, and punishing officials who have wrongdoings during their work. Furthermore, the Asia Foundation has been supporting and providing assistance for a series of U.S.-China legal exchanges and conferences on the drafting process of the *Administrative Procedure Act*. The Foundation also assisted to look for and hire experienced administrative law experts, and provided comparative perspectives and in-depth expert advices. The Foundation and PRC's State Council Office of Legal Affairs co-hosted a training program on administrative law and WTO regulations for officials at the national, provincial, and municipal levels.⁴⁴

The Asia Foundation has launched China programs on legal aid for remote and backward areas suffering from a lack of resources in providing such service to local people. By organizing training program and assisting legal case, the foundation promotes legal aid and rights protection for social vulnerable groups and actively fosters standardization of legal aid. Additionally, the foundation offers assistance to local Legal Aid Centers (LACs) so that their capabilities of handling civil cases and promoting legal education could be improved. The foundation has so far provided enormous support to LACs in Yunnan, Guizhou, Shanxi, Ningxia, Inner Mongolia, and Tibet. It has also sponsored Guangdong Women's Federation to continue and expand legal aid for disadvantaged migrant women in the Pearl River Delta of China, benefiting hundreds of thousands of migrant women. Furthermore, the foundation helps to implement *Labor Law of the People's Republic of China*. Thanks to the financial support from U.S. Department of Labor and through the cooperation with Ministry of Human Resources and Social Security of the People's Republic of China, the foundation, along with World Strategies, Inc. and National Committee on United States-China Relations, sponsored a three-year major project

⁴⁴The Asia Foundation, *Legal Reform in China*, pp. 1–2, <http://asiafoundation.org/pdf/ChinaLegalReform.pdf>.

dedicated to improving workers and employees' awareness of *Labor law* and thereby advancing disadvantaged workers' status with better legal aid services.⁴⁵

As for aids to Chinese universities and academia, the Asia Foundation has cooperated with governmental organizations, NGOs, and academic research institutes since 1997 and provided law professionals with training programs, scholarships, and technical assistance to reinforce their ties with the international law field. In order to provide more opportunities for students majoring in law to learn, observe, and practice legal aid and provide better services for disadvantaged people, the foundation has also sponsored law schools that are affiliated with Chinese universities, including Sichuan University Law School Students Legal Aid Center, Nanjing University Law School Legal Aid Center, Zhengzhou University Law School, China University of Political Science and Law, and Sun Yat-sen University Law School.⁴⁶

These activities of Asia Foundation are all undertaken in the form of cooperation with the Chinese government. U.S. government sponsors some of the programs. The foundation's China program on legal reform is of practical significance. Not only does it help to formulate laws by sponsoring the Chinese government, but also provide supports to Chinese LACs in both direct and indirect manners. The Asia Foundation's China program on legal reform does help those disadvantaged people with substantial legal aid and services.

4.1.2.10 The Cato Institute

The Cato Institute studies public policy from the perspective of libertarianism. Its mission, as claimed by its official website, is individual liberty, free markets, and peace. Therefore, the Cato Institute is dedicated to promoting free trade with China and it believes that human rights record in China could only be optimized eventually by establishing a free market in China through free trade. This is well reflected by opinions of James Dorn, an expert on China's economic liberalization at the institute. Dorn is Vice President for Academic Affairs at the Cato Institute and editor of the *Cato Journal*. His research areas are focused on Chinese human rights and economic reform. Since the mid-1990s, Dorn has written widely and published numerous books and papers on China's economy, U.S.-China economic and trade relations, and China's human rights. Doug Bandow, senior fellow at the Cato Institute specializing in foreign policy and civil liberties, and Daniel Griswold, director of the Cato Institute Center for Trade Policy Studies, have also authored studies on issues related to China. In recent years, Dorn, Bandow, and Griswold publicized what they had highly praised—free market, free trade, pushing for China's democratization and human rights—in their writings.

⁴⁵The Asia Foundation, *Legal Reform in China*, pp. 1–2.

⁴⁶*Ibid.*

In one of his articles entitled “Trade and Human Rights in China” written in the 1990s, James Dorn urged “members of Congress to stop bashing China and to recognize that the best way to promote human rights in China is to promote free trade.” He pointed out that the United States and other nations should work together to improve human rights in China, but blanket restrictions, such as “the use of sanctions not directly targeting the wrongdoers” should be avoided. The “logical alternative is to use the leverage of trade to open China to competitive forces and let the rule of law and democratic values evolve spontaneously.” Free trade with China but not trade sanction is the best approach to propel the development of China’s economy and promote individual autonomy and human rights.⁴⁷ Griswold wrote in his 2006 article—“Globalization, Human Rights, and Democracy”—that a Cato Institute’s project “Trading Tyranny for Freedom” in 2004 concluded that “countries that are relatively open to the global economy are much more likely to be democracies that respect civil and political liberties than those that are relatively closed” and that “relatively closed countries are far more likely to deny systematically civil and political liberties than those that are open.” He article indicates that after 25 years of reform and rapid growth, “an expanding middle class is experiencing for the first time the independence of home ownership, travel abroad, and cooperation with others in economic enterprise free of government control,” which is good news for individual freedom in China.⁴⁸

Since the beginning of the 21st century, James Dorn has focused more on China’s economy and financial policy, and drawn less attention on issues related to human rights and development of democracy. Therefore, the Cato Institute’s influence in this field has been on the wane.

4.1.2.11 The Weatherhead East Asian Institute at Columbia University

Since its establishment in 1949, the East Asian Institute has been the center for modern and contemporary East Asia research, teaching, and publication at Columbia, covering the Greater China, Japan, the Korean Peninsula, and the countries of Southeast Asia. The mission of the Institute is to train new generations of experts on East Asian in the fields of humanities and social sciences, and improve understanding of East Asia. The Institute is one of the most notable research bases for Sinology and contemporary China studies. It has wide research agendas ranging from Chinese foreign policy, security, and politics to history, culture, art, and so on. The Institute has a research tradition of attaching great importance on the combination of history and contemporary issues, and paying close attention to academic values of achievements in scientific research. The Institute conducts research

⁴⁷James A. Dorn, “Trade and Human Rights in China,” http://www.cato.org/pub_display.php?pub_id=6260.

⁴⁸Daniel Griswold, “Globalization, Human Rights, and Democracy,” http://www.cato.org/pub_display.php?pub_id=10991.

concerning the history of East Asia and contemporary issues from academic perspectives. The Institute's research fellows and faculty on Chinese politics, economy and foreign policy include Andrew Nathan, senior research fellow focusing on Chinese domestic politics and foreign policy, James Seymour, senior research scholar specializing in Chinese politics, Tibet, and comparative human rights, Benjamin Liebman, director of Center for Chinese Legal Studies of Columbia Law School, Elizabeth Wishnick, senior research scholar specializing in Chinese foreign policy and domestic politics, and Chinese-American scholar Xiaobo Lü.

The Institute's research on China's human rights, democracy and the rule of law is distinct from its U.S. counterparts. Andrew Nathan suggests that the status of permanent MFN and PNTR be utilized as tools to promote human rights development in China. He also points out that U.S. human rights diplomacy toward China is not only driven by idealism but also by realism for both of them can optimize China's human rights record and realize some other goals. Nathan himself now serves as director or member of various centers for human rights study in the United States. For example, he is Chair of the Steering Committee of the Center for the Study of Human Rights at Columbia, Co-Chair of the Board of Human Rights in China, a member of the board of Freedom House, and the National Endowment for Democracy, and a member of the Advisory Committee of Human Rights Watch, Asia, which he chaired from 1995 to 2000. Some foundations have sponsored Nathan's research. He has written many books and articles concerning China's democratization and human rights, and these writings exert great influence in American society.

In recent years, the Institute has redoubled its efforts in studying Chinese laws. The Institute and Columbia Law School's Center for Chinese legal Studies co-hosted a series of workshops in 2010, inviting many U.S. professionals and experts on Chinese legal affairs to discuss issues with regard to Chinese laws from diverse perspectives. Received his B.A. on China studies from Yale College, Benjamin Liebman, director of the Center for Chinese Legal Studies, had rich working experience in both U.S. law circles and China. His research focuses on Chinese legal reform, particularly on the impact of media and populism on the Chinese legal system. Liebman has written widely lately, including a chapter "Professionals and Populists: The Paradoxes of China's Legal Reforms" in the 3rd edition of a book entitled *China Beyond the Headlines* published in 2011, book chapter "A Populist Threat to China's Courts?" in *Chinese Justice: Civil Dispute Resolution in Contemporary China* published in the same year, and another chapter "Changing Media, Changing Courts?" in *Changing Media, Changing China* edited by Susan Shirk and published in 2010.⁴⁹

⁴⁹Benjamin Liebman, "Professionals and Populists: The Paradoxes of China's Legal Reforms," in Timothy Weston and Lionel Jensen, eds., *China beyond the Headlines*, 3rd ed. (Lanham, MD: Rowman & Littlefield, 2011); "A Populist Threat to China's Courts?" in *Chinese Justice: Civil Dispute Resolution in Contemporary China*, ed. Mary Gallagher and Margaret Woo (Cambridge: Cambridge University Press, 2011); "Changing Media, Changing Courts?" in Susan Shirk, ed., *Changing Media, Changing China* (Oxford: Oxford University Press, 2010), <http://www.columbia.edu/cu/weai/faculty/liebman.html>.

The Institute's China studies are characterized by its emphasis on various issues from history to current realities, including research on human rights, democracy and the rule of law. Since it is not focused on contemporary Chinese society, however, the institute has only limited influence on U.S. policy of human rights, democracy, and the rule of law toward China.

4.1.2.12 The Hoover Institution

The Hoover Institution's research on China are mainly published at *China Leadership Monitor (CLM)*, an academic journal that has been sponsored by the Institution since 2002. The Monitor proceeds on the premise that as China's influence in international affairs grows, American policy-makers and stakeholders interesting in public policy are increasingly demanding analysis of politics among China's leadership. The general editor of *CLM* is Alice Miller, Research Fellow at the Hoover Institution and China expert at Stanford. Some remarkable China watchers and experts write for the Monitor frequently. Alice Miller herself is also an expert on Chinese domestic politics and foreign policy. Major issues that the Monitor pays close attention to include Chinese military and politics, cross-Strait relations, economic policy, inner-party issues of the CPC, and the relationship between central and local authorities.⁵⁰

The Hoover Institution's studies on Chinese human rights are focused on political reform and democratization. The *CLM* publishes some articles discussing Chinese political reform; most of them are written by Cheng Li, Fewsmith, and Miller. The 2007 March-April issue of *Policy Review* published an article entitled "China's Stubborn Anti-Democracy" by Ying Ma, Research Fellow at the AEI and Visiting Fellow at the Hoover Institution.⁵¹ *Hoover Digest* at its first issue in 1999 published Hoover Fellow Henry Rowen's article "Why China will become a democracy."⁵²

⁵⁰For the detailed information of the journal and its articles, see the introduction of *China Leadership Monitor* on the website of Stanford University's Hoover Institution at <http://www.hoover.org/publications/china-leadership-monitor>.

⁵¹Ying Ma, "China's Stubborn Anti-democracy," <http://www.hoover.org/publications/policy-review/article/5850>.

⁵²Henry S. Rowen, "Why China Will Become A Democracy," <http://www.hoover.org/publications/hoover-digest/article/7180>.

4.1.2.13 The Nixon Center⁵³

The Nixon Center's China Program "provides a forum for leading experts and policy makers to identify and discuss critical issues in U.S.-China relations."⁵⁴ The Center's China studies are mainly focused on U.S.-China relations, particularly on Chinese diplomacy, security and military. But there are no specific programs on Chinese democracy, human rights, or the rule of law. Drew Thompson, the former director of China Studies at the Nixon Center, once worked in business and academic communities.⁵⁵ He previously served as assistant director to the Freeman Chair in China Studies at the CSIS, the founder and Chairman of the American Chamber of Commerce Transportation and Logistics Committee in Shanghai, and was formerly the National Director of the China-MSD HIV/AIDS Partnership in Beijing, a program established by Merck & Co. and the Chinese Ministry of Health. His research interests include U.S.-China relations, international security, public health and HIV/AIDS in China.

The widely recognized China expert David Lampton had worked as director of China program at the Nixon Center for many years. He edited two reports on U.S.-China relations in 1999 and 2002, respectively. The first one is *Managing U.S.-China Relations in the Twenty-First Century*. In terms of human rights, the report notes that the CPC has gradually dropped out of interventions with ordinary Chinese people's daily life. Increasing incomes enable Chinese people to have more autonomy and have access to more information. And the Internet is fast developing. All these are unprecedented. At the same time, political transformations are also slowly happening in the country. Grassroots are more interested in political participation. The Chinese society is becoming more pluralistic and policy debates are allowed to a greater degree. Furthermore, roles of the NPC are improving, and even the rule of law is in progress. But one cannot simply equate these developments in China with those in Western democracies. Human rights of numerous dissidents, believers in religion, and ethnic minority groups are interfered with from time to time. The overall trajectory is favorable, however.⁵⁶ Another report is *U.S.-China Relations in a Post-September 11th World*, which discusses various political issues including China's leadership succession and a series of social issues affecting social development in China, such as the widening gap between the rich and poor and migrant workers.

⁵³The Nixon Center was renamed the Center for the National Interest on March 9, 2011.

⁵⁴See the introduction to China and the Pacific program of the Center for the National Interest at <http://cftni.org/programs/china-and-the-pacific-program/>.

⁵⁵Drew Thompson served as Director for China, Taiwan and Mongolia in the Office of the Assistant Secretary of Defense for Asian and Pacific Security Affairs at the Department of Defense in April 2011, now the senior director, China and the Pacific at the Center (now the Center for National Interest) is retired Lieutenant General Wallace C. Gregson, Jr., former Assistant Secretary of Defense for Asian and Pacific Security Affairs.

⁵⁶David Lampton, *Managing U.S.-China Relations in the Twenty-First Century* (Washington, D.C.: The Nixon Center, 1999), pp. 34–42.

The Nixon Center exerts its influence by inviting scholars and experts specializing in Chinese democracy, human rights and the rule of law to deliver speeches or by publishing reports based on discussions through roundtables and workshops. On September 28, 2000, for example, the Center invited Anne Thurston, professor and director of the Grassroots China Initiative at Johns Hopkins School of Advanced International Studies, to give a speech on villager election and development of democracy in China. Gregory May, Research Fellow and the then assistant director of China program at the Nixon Center, published some articles on China's democracy, human rights, and freedom, including one entitled "The Internet: An Enemy or Friend of the Chinese Regime?" published in July 1999.

4.1.2.14 Foreign Policy Research Institute

The Foreign Policy Research Institute (FPRI) has China studies under its Asia Program, which has emphasize research on Chinese domestic situations and historical traditions, and attempt to seek factors that influence Chinese foreign policy. China studies are currently the research focus of the Asia Program, concentrating on U.S.-China relations, Chinese domestic politics, and Taiwan studies. There are some important research fellows at the Institute, including Jacques deLisle, whose research interests focus on U.S.-China relations, Chinese politics and legal reform, and Taiwan issue; Arthur Waldron, China expert and former director of Asian studies at the AEI, Avery Goldstein, specializing in Chinese security and domestic politics, and June Teufel Dreyer, focusing on Chinese politics, Taiwan issue and U.S.-China relations.

These experts have strong research capabilities. Jacques deLisle has long studied China's democratization and the rule of law. He published a report entitled *Democracy and Its Limits in Greater China: A Conference Report* in 2004 and a chapter "Development without Democratization? China, Law and the East Asian Model" in *Democratizations: Comparisons, Confrontations and Contrasts* edited by Jose Ciprut in 2009. On the basis of two workshops, deLisle also published an article titled "What's Happened to Democracy in China? Elections, Law and Political Reform" in April 2010. The article analyzes the current situation, problems, and prospects of elections, law and political reform in China. In 2008 June Teufel Dreyer published a book entitled *China's Political System: Modernization and Tradition*, which answers the question that how traditional culture and foreign ideas affect China's political process and provides a concise introduction to economy, legal system, military, society and culture in China's political process.⁵⁷

Via the publication of *E-Note*, *Footnotes* and bulletins, the FPRI informs its audience of research fellows' articles, lectures and speeches on its website. In addition, the Institute frequently convenes workshops to address themes concerning China's democratization and the rule of law. In September 2003, for example, the

⁵⁷For more information of FPRI's Asia Program, see <http://www.fpri.org/research/asia/>.

FPRI and the Institute for International Relations in Taipei co-hosted the 32nd Sino-American Conference on Contemporary China. The conference is entitled “Democracy and Its Limits in Greater China” and discusses the democratic development in greater China. The Institute invited some leading scholars on China’s democracy, human rights and the rule of law, including deLisle, Minxin Pei, Arthur Waldron, Andrew Nathan, and June Teufel Dreyer.⁵⁸ Research fellows from FPRI also present at workshops hosted by other think tanks. For example, deLisle participated a workshop on “The Future of Political Reform in China” hosted by the Carnegie in 2004, on which he discussed the process of the formulation of *Property Law of the People’s Republic of China* and its implications for Chinese politics and legal reform.

Research on Chinese democracy and the rule of law by the FPRI focuses on Chinese domestic politics and historic studies. A number of studies also attach importance to the combination of historic factors and realities. The Institute pays close attention to the relations between China’s political reform, democratic development and pressure from the Western countries. The FPRI is influential in U.S. academic field.⁵⁹

4.1.2.15 Fairbank Center for Chinese Studies at Harvard University

The Center for East Asian Research was renamed the Fairbank Center for Chinese Studies in 2007. It is a globally recognized research center focusing on East Asia, and is also the origin and a base camp for China studies in the United States.

With regard to issues of China’s human rights, democracy, and the rule of law, a vast majority of scholars from the Fairbank Center mainly hold the view that Chinese political reform could be possible and the rule of law attainable by encouraging China’s reform and opening up and through economic exchanges and cultural exchanges. Some also have different opinions on this issue. After the June Fourth Incident in 1989, Merle Goldman became one of the representative U.S. scholars that advocate imposing pressure on China’s human rights. Roderick MacFarquhar is a famous specialist on Chinese history and politics. He edited a monograph entitled *The Politics of China: The Eras of Mao and Deng*, which offers a comprehensive introduction to and analysis of Chinese politics from 1949 to the mid-1990s. Generally speaking, MacFarquhar holds a pessimistic attitude toward China. Since the 1990s Joseph Fewsmith has published a wide variety of monographs and articles on politics of contemporary China. In 2001 he published two books, viz., *Elite Politics in Contemporary China* and *China since Tiananmen: The Politics of Transition*. In 2008, Fewsmith published another book entitled *China since Tiananmen: From Deng Xiaoping to Hu Jintao*, which addresses many issues

⁵⁸For more information about the conference, see <http://www.fpri.org/events/2003/>.

⁵⁹Jacques deLisle, “China’s Legal Encounter with the West,” *Footnotes*, June 2008, Vol. 13, No. 8.

including “conservative’s criticism of political reform in contemporary China,” “emergence of the new left,” “political centralization, economic planning and popular nationalism,” and “Chinese elite politics and nationalism in the era of globalization.” He edited a monograph investigating non-state sector and NGOs in China later in the same year and it is entitled *China’s Open Society: The Non-State Sector and Governance*, which incorporates some articles by scholars from China and beyond. The book provides an introduction to NGOs in China, including the development of civil society and NGOs in China. Professor Anthony Saich’s studies on China are focused on democratic governance and political economy, and his works include *Governance and Politics of China* in 2004 and *Providing Public Goods in Transitional China* in 2008. Professor Elizabeth Perry’s research interests are popular protest and grassroots politics in modern and contemporary China. Her representative writings include a book entitled *Grassroots Political Reform in Contemporary China* published in 2007.⁶⁰

4.1.2.16 Other Think Tanks

Except for experts and institutes introduced above, there are some other U.S. think tank experts specializing in Chinese human rights, democracy, and the rule of law. They can be found in famous think tanks including the RAND, USIP, Henry L. Stimson Center, Aspen Institute, Atlantic Council, the Institute for Defense Analysis, and the Center for Naval Analyses (CAN). Some experts, such as Murray Scot Tanner, senior fellow at CAN on China Studies, focuses on leadership politics and succession. Generally speaking, these institutes pay little attention to research on Chinese democracy, human rights, and the rule of law.

U.S. think tanks’ policy research on Chinese human rights unfolds some characteristics that could be summarized as follows.

First, almost all principal U.S. think tanks have established China Program, with research agendas including human rights, democracy and the rule of law, though not the most important issues in the program in general.

Second, different think tanks have diverse research priorities on human rights, democracy and the rule of law. Some focus on human rights, some concentrate on legal construction and judicial conditions, and others lay emphasis on political democratization, political reform and Chinese leaders. The differences are contingent upon research fellows’ expertise. Sometimes the same think tanks would even shift their research focus in accordance with changes of major research fellows.

Third, with the increase of China’s global clout since its accession to the WTO, U.S. think tanks had doubled their efforts to do research on Chinese human rights, democracy and the rule of law. Besides, their research agenda is no longer limited to the issue of human rights in a narrow sense; instead they broaden their research to

⁶⁰See introduction to these scholars and their works on the website of Fairbank Center for Chinese Studies at <http://fairbank.fas.harvard.edu/>.

Chinese domestic politics, including political development, legal construction, civil protests, human rights lawyers, and religious groups. The issue of human rights is not the only or the most important one that U.S. think tanks pay close attention to. Think tanks, such as the Carnegie, the CFR and the AEI, shifted their attention to research on legal affairs in China.

Fourth, various think tanks hold distinct tendencies. Some of them tend to be conservative, some neutral and some liberal. Different tendencies result in their entirely different stance on Chinese democracy, human rights and the rule of law.

4.2 Think Tanks and U.S. Human Rights Policymaking

U.S. think tanks are crucial for American politics today. They not only provide advice for government and thus influence political leaders, but also lead the trends of social thoughts and public opinions. Think tanks play an indispensable role in the process of agenda setting, formulation, implementation and evaluation of U.S. domestic and foreign policymaking. They influence U.S. human rights policymaking principally through the following ways.

4.2.1 Affecting Formulation of U.S. Human Rights Diplomacy Toward China by Generating New Thoughts, Providing New Concepts, and Setting New Agendas

The major duties of think tanks are to explore knowledge and disseminate ideas, aimed to have their research achievements gradually accepted by policymakers and eventually make these ideas into laws and policies. Think tanks provide principal policy ideas and guidelines for foreign policymakers. They also participate in the making of U.S. diplomacy by producing pragmatic and concrete policy options. The two functions of think tanks are complementary to one another.

Debates over U.S.-China relations after the end of the Cold War were generated by several leading think tanks. U.S. human rights policy is an important factor in the debates because it has been a crucial pillar underpinning foreign policy. While think tanks are unanimous in promoting democracy in China, China experts and scholars from U.S. think tanks hold different opinions concerning the ways of promoting democracy.

In May 1993, President Clinton implemented the policy of linking the issue of human rights with China's annually reviewed MFN trade status. The linkage policy was severely opposed by a vast majority of think tanks in the United States. They discussed the policy by hosting a series of workshops on China's trade and human rights policy, publishing monographs and articles, issuing policy briefs and reports,

and testifying before Congress. Their efforts eventually gave rise to a different policy idea that one of the most important and effective approaches to improve Chinese human rights record was to extend China's MFN status, promote trade relations with China, and encourage China's reform of economic liberation. This has already been attested by the realities in the wake of China's reform and opening up. Many scholars argue that the policy that places the issue of human rights above other components of U.S.-China relations is not in U.S. interests. In addition to human rights, broader interests on economic, security, and strategic levels are worth considering for the United States. The policy ideas were shared and approved by both U.S. business community targeting at China and Clinton's economic team, providing best policy support for President Clinton to eventually carry out the de-linkage policy.⁶¹

Another important policy idea was expanding the definition of the concept of human rights, which directly resulted in expanding U.S. human rights policy to a wider range of issues, including China's political reform, legal construction, civil society development, and the building of democratic institutions. These issues were closely related to human rights. Some think tank experts criticized that it was not wise to focus on the human rights issue only while ignoring other related issues in broader political and social scope. As Harry Harding puts it, "the United States should adopt a broader concept of human rights... And in the sphere of political and civil liberties, it is preferable for the U.S. to focus on the promotion of institutional reforms, rather than on the fate of individual dissidents."⁶² Harding believes that it is more important to push China's political and legal system reform. Many benefits arose from U.S. expansion of its human rights agenda. Defining the concept of human rights according to international law could more comprehensively evaluate China's record of human rights. Additionally, it was also possible to seek constructive approaches to improve the situation of human rights in China. This is surely insightful.

U.S. think tanks now have generally expanded the scope of human rights policy toward China and incorporated broader issues such as China's democratic development, political reform and legal construction into policy consideration. They have altered their thoughts in research on human rights since China's accession to the WTO, which in turn ushered the transformation of policy priorities from traditional approach requesting China to improve its human rights record to a more balanced one concerning broader issues like political reform, democratic development, and legal construction. U.S. State Department has released annual report on China's human rights from 1999 to 2009. A distinct and positive change is that the report now includes elections, political participation, anti-corruption, and government transparency in China. It is more positive to China's accomplishments in promoting the rule of law.

⁶¹See Sect. 4.3 of this chapter.

⁶²Harry Harding, "Breaking the Impasse over Human Rights," in Ezra F. Vogel, ed., *Living with China: U.S. China Relations in the Twenty-first Century*, pp. 174–175.

In recent years, an influential edited book *China's Changing Political Landscape: Prospects for Democracy* was published by the Brookings. This book incorporates articles by some renowned American experts specializing in Chinese human rights, democratic reform, and the rule of law. These contributors include Jacques deLisle, Andrew Nathan, Richard Baum, Minxin Pei, David Shambaugh, Joseph Fewsmith, and Alice Miller. They address the question whether China's gradual political reform could finally lead to democratization, including Chinese discourse about democracy, institutional development and generational change, economic actors and economic policy, media, law, and civil society as agents of change, forces for and against democracy in China, external models and China future.⁶³ This book has drawn widespread attention from the academic field and beyond. Opinions voiced by these experts reflect the latest research by U.S. academia on China's democracy, the rule of law and human rights. Due to the prominent status of the Brookings Institution, views maintained by these scholars are more likely to affect and shape U.S. China policy in this regard.

Submitting policy reports is more direct than publishing books on providing policymakers with ideas and influencing government. This is why think tanks have to pay close attention to main "consumers"—demands of policy makers—of their products. Different from professors in universities and colleges, think tank scholars need to yield timely and relevant research achievements. Nowadays almost every think tank regularly or irregularly releases policy reports on current hot issues. This might be carried out in the name of either some researcher (usually with limited influence) or project (usually eye-catching). With regard to U.S. China policy, for example, some influential policy reports recently are *United States and China Relations at a Crossroads* co-authored by scholars from the Atlantic Council and the NCUSC in 1995 and *Managing U.S.-China Relations in the Twenty-First Century* and *U.S.-China Relations in a Post-September 11th World* by the Nixon Center. The latter appreciates the progress China has made in human rights record, democratic participation, and grassroots elections. While regarding China's human rights performance to be improved yet, the book argues that the general trend is positive.⁶⁴

Reports and bulletins are widely wielded by think tanks to influence policy makers' ideas, with the advantages of being timely and concise. Policymakers usually have not time to read long policy reports, not to mention monographs. If think tanks can instead timely deliver concise opinions and policy suggestions to policymakers, they would yield better results with less effort. *Backgrounders*, a publication that the Heritage Foundation designs specifically for members of Congress and policymakers of administrative departments, is less than four pages but reflecting the Foundation's stance on various issues in a concise, prompt and reliable manner. The publication receives positive feedback and is then imitated by other think tanks.

⁶³Cheng Li, ed., *China's Changing Political Landscape: Prospects for Democracy* (Washington, DC: Brookings Institution Press, 2008).

⁶⁴David Lampton, *Managing U.S.-China Relations in the Twenty-First Century*, pp. 34–42.

Through its briefs, the Carnegie released a number of articles. For example, “China’s Evolving Legal System” in *Carnegie Issue Brief* in February 2009 and “Corruption Threatens China’s Future” in *Policy Brief* in October 2007 both discussed problems challenging China’s political reform and democratic development, providing some policy advice for American policymakers. FPRI publishes policy briefs and reports in various ways, including *E-Note*, *Footnotes*, and *Bulletin*. They discuss extensively about China’s democracy and the rule of law.

In the modern time, the Internet has inevitably become an indispensable means for think tanks to disseminate their policy ideas. Now almost all think tanks have their own website, on which plenty of information such as latest research agendas, research reports, projects, publications, working staff and contact information is available. The Brookings attaches great importance to click rates of its website. In order to extend its influence, the Institution optimizes the design of its website, adds more articles, and provides links to these publications. Articles on Chinese human rights can all be found on the official website of the Brookings. The CFR likewise pays close attention to its official website. Articles on China’s human rights and the rule of law by Jerome Cohen, a well-known expert in Chinese law, can be found and downloaded. Even those articles written in the 1990s are also available at the website. This facilitates to improve the influence of Cohen as well as the Council in the realm of research on China’s human rights.

4.2.2 Strengthening Communications and Interactions with Government and Providing Policymakers Latest Information and Research by Hosting Forums and Workshops

Think tanks host a variety of forums, seminars, roundtables, and the like from time to time. Government officials, journalists, scholars and NGO representatives are invited to address the most controversial topics. The public who are interested will also come to participate. Lively scenes naturally improve the visibility of think tanks. A well-organized workshop with appropriate topic would bring with various benefits. Think tanks frequently host seminars discussing board issues like Chinese human rights, democracy, rule of law, civil society, religious freedom, and political reform.

The Brookings hosted many informative workshops on China’s human rights in recent years. A large number of Chinese and American people from the government, media, think tanks, the NGOs were present. During the three years from 2007 to 2009, the Brookings hosted a series of workshops whose topics included “Chinese leaders,” “CPC and China’s political reform,” “China’s younger generation,” “the middle class in China,” “religions and their influence to Chinese society,” and “the political and societal influence of the Internet in China.”

The Carnegie also convened many seminars on China's human rights. Topics of seminars included "From Socialism to Spoils: Corruption in Contemporary China," "The Future of Village Elections in China," "The Political Motivation of the Chinese Nationalism," "Assessing China's Legal Reforms: Empirical Findings from Shanghai," "Legal Reform in China: Problems and Prospects," "Reforms in China: Enhancing the Political Role of Chinese Lawyers," "U.S. Engagement and Human Rights in China", "Behind the 17th NPC: Institutional Regression and Reform," and "How East Asians View Democracy." Many experts on China's human rights were invited to discuss these topics, with audience from political and business communities and the NGOs. A series of seminars debating over China policy from 2006 to 2009 were intentionally held on Capitol Hill to enlarge its influence.⁶⁵ One of the themes was "U.S. Engagement and Human Rights in China." Debaters were leading experts on China studies, with audiences being elites of policymaking circle. Around 60 to 70 persons were invited to participate in each debate, of whom 30–40% being members of Congress and their assistants and 20% coming from administrative departments, including State Department, Defense Department, Commerce Department and Treasury Department. Some audiences came from the business community and academic circle.⁶⁶ These seminars have promoted the Carnegie into the center of China studies among U.S. think tanks.

The CFR had cooperated with the Carnegie in 2003. They co-hosted a conference titled "China's Transition at a Turning Point." The conference brought together distinguished China experts like David Lampton, Kenneth Lieberthal, Elizabeth Economy, Minxin Pei, and Michael Swaine to address China's domestic political issues.⁶⁷ Another serial conference entitled "Religion and the Future of China" was hosted in 2008. Robert Barnett, director of Modern Tibetan Studies Program at Columbia University was present.⁶⁸ In 2009, the Council again hosted a conference titled "China 2025," providing detailed discussions on Chinese economy, security, diplomacy, domestic politics and so on. Panelists for the session on China's domestic challenge including Minxin Pei, Randall Schriver (Vice-President of Armitage International L.C. and President of the Project 2049 Institute), and Kelley Currie, who once served as the State Department Special Coordinator for Tibetan Issues.⁶⁹ Discussions as such have produced invisible influence on U.S. policymaking.

⁶⁵See more information about Carnegie's China debate series at <http://www.carnegieendowment.org/2008/03/26/reframing-china-policy-carnegie-debates/2kn>.

⁶⁶Tang Yong. "Meiguo quanwei zhiku wei zhongguo bianlun yinian" [U.S. Authoritative Think Tank Debated over China Policy for One Year], International Channel, *People's Daily Online*, 6 July, 2007, <http://world.people.com.cn/GB/57507/5957870.html>.

⁶⁷See <http://www.cfr.org/china/council-carnegie-conference-chinas-transition-turning-point/p6440>.

⁶⁸See <http://www.cfr.org/china/session-two-cfr-symposium-religion-future-china-religion-state-rush-transcript-federal-news-service/p16540>.

⁶⁹See the website of the CFR at <http://www.cfr.org/china/china-2025-panel-challenges-within-emerging-domestic-challenges/p20663>.

Conservative think tanks such as the Heritage Foundation and the AEI have fewer activities in China's human rights and the rule of law; therefore, their influence has been on the wane.

4.2.3 Indirectly Influencing U.S. Human Rights Policy to China Through Affecting Public Opinions by Educating Civil Servants and the Public

In addition to directly affecting policymakers, think tanks are also devoted to influencing policymaking indirectly. Making appearance on mass media regularly is important for them to shape public mentality and thereby affect policy. While not all issues advocated by think tanks via media would be closely followed by the public, think tanks do provide the public with opportunities to ponder over hot issues. Many presidents of think tanks still maintain that the more think tanks expose themselves the more influence they would exert on policymaking.

The mass media is inclined to quote experts from think tanks to indicate the authority of opinion and news source. Simply put, think tanks and the mass media are taking advantage of one another. While the media needs think tanks scholars to improve the quality of its programs, scholars increase their influence by publicizing their policy positions.

In recent years some leading scholars from top think tanks have published a large number of research articles on Chinese human rights, the rule of law, and democracy. Jerome Cohen at the CFR published widely on English-language mainstream newspapers including *South China Morning Post* and *Wall Street Journal* concerning Chinese rule of law and human rights lawyers, and changing Americans and Hong Kong people's attitude toward Chinese human rights. FPRI's Jacques deLisle, Arthur Waldron, and June Teufel Dreyer also published articles on various media. Conservative China experts, meanwhile, publish their articles at conservative journals including *The Weekly Standard*, *Washington Times*, and *National Review*, in addition to *Washington Post*, *Wall Street Journal* and media in Hong Kong and Taiwan. They attempted to affect the public with conservative perspectives.

4.2.4 Influencing Congressional and Legislative Process by Enhancing Ties with Congressional Members and Providing Testimonies Before Congress

U.S. Congress focuses more on the issue of human rights than administrative departments. Likewise, congressional committees promoted many policies regarding human rights in China. When debating over China's PNTR status in 2000,

Congress established two commissions—China Security Review Commission (renamed later as the United States-China Economics and Security Review Commission, USCESRC) and the CECC. The CECC is an independent agency of U.S. government monitoring development of human rights and the rule of law in China. The commission is made up of nine members from Senate and nine from House, as well as five high-ranking executive branch officials that are appointed by the President. It holds roundtables and hearings when any issues that worth noting arise. The commission publishes an annual report with policy recommendations to the President and Congress. Additionally, committees from Senate and House that engage foreign and international affairs also hold hearings periodically on Chinese human rights and the rule of law.

Over the past decade, many well-known think tank experts on Chinese human rights, democracy and the rule of law have provided testimonies before the CECC and the Senate Committee on Foreign Relations. Minxin Pei, former director of the China Program at Carnegie, attended a hearing before the Senate Committee on Foreign Relations on June 7, 2005, and provided his testimony on “Rule of Law in China.”⁷⁰ Jerome Cohen at the CFR testified before the CECC with his statement titled “Law in Political Transitions: Lessons from East Asia and the Road Ahead for China” on July 26, 2005. On September 20, 2006, Cohen and Minxin Pei were present to hearings on human rights and the rule of law in China. On October 7, 2009, CFR senior fellow Economy Elizabeth testified before the CECC by stating “Human Rights and the Rule of Law in China,” in which she approached the issue from the aspect of environmental protection.⁷¹

The CECC also holds roundtables frequently. Yawei Liu, director of Carter Center’s China Village Elections Project, was invited to CECC roundtable discussion on July 8, 2002 to address the current status of China’s villager committee elections, the impact of Carter Center’s China Village Elections Project on China, and prospects for China’s elections in the near future. Nancy Yuan, vice president of the Asia Foundation, Mei Ying Gechlik of the Carnegie, Jerome Cohen, Murray Scot Tanner of the RAND (now with the Center for Naval Analyses), James Dorn of the Cato Institute, Cheng Li of the Brookings, and Jacques deLisle, among others, had also been invited for many times by CECC roundtables to testify on the rule of law in China, democratic development, freedom, human rights, and to provide multifaceted opinions and recommendations for the commission.⁷²

Some prominent think tanks, such as the Brookings and the Heritage Foundation, regard testifying before Congress as the most important approach to influence policymaking. Testimonies presented at Congressional hearings, particularly before important commissions, are more likely to attract public attention. Once recorded by Congress, they are quoted repeatedly by the press and academia.

⁷⁰Minxin Pei. “Statement to the Senate Foreign Relations Committee,” June 7, 2005, <http://foreign.senate.gov/imo/media/doc/PeiTestimony050607.pdf>.

⁷¹For more details about these hearings mentioned above, see www.cecc.gov.

⁷²For records of these roundtables, see the website of the commission at www.cecc.gov.

As former president of the U.S.-China Business Council Robert Kapp puts it, the process of being present at hearings does not matter; what really does is that Congress records one's testimonies so that others would quote them.⁷³

4.2.5 Communicating with China via Track II Dialogues on Human Rights Policy

Through dialogues and communications with think tanks of other country, U.S. think tanks could take the opportunity to discuss sensitive issues challenging bilateral relations. By exchanging opinions via track II dialogues between experts and scholars from Chinese and American think tanks, the two countries improve their mutual understandings and facilitate resolution of conflicts. It is undoubted that China-U.S. human rights dialogue is such a sensitive issue facing the two powers. In this regard, a panel discussion titled "What's Happened to Democracy in China" was co-sponsored by FPRI and University of Pennsylvania Law School and Center for East Asian Studies in May 2009. The hosts invited four scholars from China, including Li Fan, director of the World and China Institute, Jiang Shan, an independent candidate in the 2006 Shenzhen local people's congress elections, Qiu Jiajun, Researcher at the Election and People's Congress Study Center, Fudan University, and Zhou Meiyuan, a professional staff member in the Minhang District People's Congress, Shanghai. The panel discussion addressed the issues of elections and political reform in China.⁷⁴ In June 2007, a delegation of China Society for Human Rights Studies visited Washington. The society visited State Department officials for human rights affairs and think tanks including the Brookings and the CSIS, exchanging ideas on a wide array of issues, including U.S.-China human rights dialogues, developments of human rights in China, freedom of the press, judicial reform, ban of torture, signature and ratification of international conventions, and functions of NGOs in boosting and safeguarding human rights.⁷⁵ Some human rights scholars from Institute of American Studies, Chinese Academy of Social Sciences also visited Washington along with the delegation of China Society for Human Rights Studies.

Due to their efforts to propel and devise independent track II dialogues, the Brookings, the RAND, the Carnegie, and the CSIS have become key agencies in shaping U.S. China policy. The Carnegie and Shanghai Academy of Social Sciences' Institute of Law have established long-term academic cooperation that is

⁷³The Author's interview with Robert A. Kapp, former president of the U.S.-China Business Council, October 2007.

⁷⁴See the website of FPRI at <http://www.fpri.org/events/2009/#democracychina>.

⁷⁵"Zhongguo renquan yanjiuhui daibiaotuan fangwen huashengdun" [Delegation of China Society for Human Rights Studies visits Washington], *Xinhuanet*, June 17, 2007, http://news.xinhuanet.com/world/2007-06/17/content_6252601.htm.

devoted to collaboration on studying the rule of law in China. With regard to general issue of human rights in U.S.-China relations, the RAND hosted two academic conferences under the theme of “China and the Internet” in 2002 and 2003, and the Brookings hosted a large-scale seminar—“China’s Emerging Middle Class: Beyond Economic Transformation”—from September 22 to 23, 2009. American and Chinese scholars from well-known think tanks and universities were invited to shed light on many issues pertaining to the rapid increase of the middle class in China. These major U.S. think tanks have successfully promoted communications and understandings between the United States and China in democracy, the rule of law, and human rights.

4.2.6 Influencing Directly American Human Rights Diplomacy Toward China via “Revolving Door” Mechanism

Entering decision-making departments is the best way to influence policymaking process. The “Revolving Door” mechanism frequently enables researchers to get jobs in the government. Experts on Chinese human rights, democracy and the rule of law, however, seldom leave think tanks and serve in the government. Only a few officials playing a role in the formulation of U.S. human rights policy toward China have previous working experience in think tanks. A good example is Gregory May, former assistant director of China Program at the Nixon Center. His research expertise includes Chinese democracy, human rights, and freedom. He stepped into the diplomatic community in 2000 and then assumed responsibility as the First Secretary, Political Department at American Embassy in China. Winston Lord once was appointed as U.S. Ambassador to China during the administration of George Bush. He again assumed his duties as Assistant Secretary of State during the first term of the Clinton administration, and was one of the major contributors to “link” trade and human rights. Prior to serving in the government, Lord had served as president of the CFR for eight years. This proves, from some aspect, human rights are only one issue in China-U.S. relations. After entering into the 21st century, the issue is not as important as it used to be in the early 1990s when the Cold War just ended.

4.3 Think Tanks and De-linkage Policy in 1994

The most debated issue over the past two decades in think tanks and policymakers has remained that how U.S. should do—either by engaging China or imposing sanctions on China—to promote the human rights record in China. U.S. policy of engaging China became stable after a round of debates in the 1990s. The questions remained, nevertheless, how U.S. should engage China in terms of human rights

policy, how U.S. free trade policy could improve China's human rights, and how China's entry into the WTO could benefit China's rule of law, democracy, and political reform. The debates have been lasting for twenty years without ending. To better understand the role that U.S. think tanks have played on the development of U.S. human rights policy toward China over the two decades, this and the following two sections are dedicated to shedding light on three issues—the role that U.S. think tanks played on the Clinton administration's policy of de-linking China's MFN status from human rights performance in 1994, the influence of U.S. approval of PNTR to China in 2000, and the continuous attention that U.S. think tanks paid to China after Beijing obtained its WTO membership, respectively.

As soon as President Clinton's China policy that linked the MFN to human rights came into effect in 1993, it aroused great attention among academic and business communities both in the United States and China.

Washington formulated its policy that linked China's MFN to human rights mainly because Clinton put the human rights issue on the top of U.S.-China relations during the first year of his term. The logic of the policy is that many Americans were dismissive of China and China-U.S. relations soon after the end of the Cold War, informed by the argument of "China collapse." Taking advice from Congress and human rights interest groups, President Clinton in 1993 signed an executive order to attach conditions to the annual extension of China's MFN status. The administration claimed that U.S. would not extend MFN status to China one year later unless China could make significant progress in human rights. The so-called "significant progress" listed in the executive order included "respect for the Universal Declaration of Human Rights," "the release of citizens imprisoned for the nonviolent expression of their political beliefs, including activists imprisoned in connection with Tiananmen Square," "China's protection of Tibet's cultural and religious heritage," and unhindered television and radio broadcasts into China. The Clinton administration politicized the status of MFN and caused severe damage to U.S.-China relations.

Debates over the linkage policy were extensively carried out in the following year inside and outside the U.S. decision-making community. U.S. think tanks also debated over this issue intensively.

On March 18, 1994, the CFR convened a seminar on China policy. Participants sternly criticized the linkage policy pursued by the Clinton administration. The majority of them held a belief that the government was not well prepared to cut off its trading ties with China in order to protect human rights in China. Three former secretaries of State, Henry Kissinger, Cyrus Vance, and Lawrence Eagleburger were present at the seminar. They criticized the policy from the strategic perspective. Kissinger argued that Chinese leaders would bear a grudge against the United States even though they were forced to make a compromise on human rights. Therefore, it would be less likely in the years to come that Beijing would collaborate with Washington on crucial issues including non-proliferation in North Korea. Vance once served in the Carter administration, the first U.S. administration that deemed human rights as the cornerstone of its foreign policy. He agreed that human rights and trade were reasonably correlated with one another. He stressed,

however, one should not reduce the complex involving nonproliferation, environmental protection, economic development, and Asia policy to the only dimension of human rights, allowing it to command other dimensions. Eagleburger observed that the best policy was to engage China as much as Americans could if they really cared about human rights in China. PIIC director Fred Bergsten pointed out that China's foreign policy gained popular support from its Asian neighbors, whereas U.S. diplomacy seemed to be increasingly isolated. Michel Oksenberg, a leading China scholar at the East-West Center, thought that a policy damaging U.S.-China relations owing to a separate issue would be restricted by reactions of all parties. He further suggested the Clinton administration to make a choice between the policy of engagement that had been pursued since 1972 and a policy of isolating Washington and its allies in Asia.⁷⁶

Lawrence Clarkson, Vice President of the Boeing Company, and some other business leaders unequivocally voiced their criticisms on the policy linking trade and human rights. In the belief that trade would create more social and political changes, Clarkson argued that "U.S. trade is contributing to the rapid decentralization and transformation of China's economy, helping millions of Chinese to obtain greater freedom to choose their work, their employer and their place of residence." "As in other parts of Asia indicate, "the development of a vigorous middle class will bring the development of social and political freedom for all Chinese more than any other factor."⁷⁷

Nearly all participants at the seminar couched their support for encouraging the development of democracy and human rights. They nevertheless did not agree the linkage policy. Even the conservative Paul Wolfowitz, the then Dean of ASIS at Johns Hopkins University, confessed that while a more open and more democratic China was consistent with U.S. national interests, the goal would never be fulfilled by taking away China's MFN status.⁷⁸

Warren Christopher, Winston Lord, and some other chief officers that devised U.S. China policy for the Clinton administration were under harsh attacks at the seminar. The prestigious CFR, which Mr. Lord served as president for eight years, has "thumbed its nose at him, unceremoniously canceling his invitation to a televised seminar on China where the Administration's approach was excoriated."⁷⁹ Kissinger, Vance, and Eagleburger all criticized his linkage policy. As Mr. Vance argued, "Mr. Lord might feel constrained in what he could say and that if a government official were present, the council would also have to invite members of Congress. Thus the invitation was withdrawn." Mr. Lord felt like he had been insulted. "It was stupid and dumb," he said. "I was present at the creation of the

⁷⁶Thomas W. Lippman, "Ex-U.S. Officials Oppose China Trade, Rights Link," *The Washington Post*, March 16, 1994. p. A24.

⁷⁷Edward A. Gargan, "Gauging the Consequences of Spurning China," *New York Times* [Late Edition (East Coast)]. Mar 21, 1994. p. D1.

⁷⁸Thomas W. Lippman, "Ex-U.S. Officials Oppose China Trade, Rights Link."

⁷⁹Elaine Sciolino, "Winston Lord: Where the Buck Stops on China and Human Rights" [Biography] *New York Times*. (Late Edition (East Coast)). New York, N.Y.: Mar 27, 1994. p. A8.

China policy. I had just come back the night before from meeting with Chinese leaders. I am a former president of the council. I'd like to think I might have added something to the discussion."⁸⁰

Winston Lord was severely blamed by participants at the forum. Douglas Paal, the China expert and Director of Asia policy on the National Security Council under President George Bush, suggested that Christopher and other officers who devised China policy be dismissed from their posts. "If you find a policy is not serving United States interests, then you sacrifice somebody and get rid of the policy. That's how we do it in Washington."⁸¹ Partisan conflicts might contribute to these harsh criticisms; but it is without doubt that the policy linking MFN to human rights performance was unpopular.

The AEI also hosted many China specialists to address the linkage policy. It published a book entitled *Beyond MFN: Trade with China and American Interests*, which provides a detailed discussion of the relationship between U.S. trade policy toward China and the issue of human rights. Contributors include David Lampton, James Lilley, Andrew Nathan, Jerome Cohen, Anne Thurston, Lee Hamilton, president of the U.S. House Committee on Foreign Affairs, and some other scholars specializing in Chinese economy and law. Most of contributors shared the view that a broad engagement policy could best serve U.S. interests and also meet expectations of Chinese people. They thought it indispensable to advancing U.S. security and economic interests through improving Chinese citizens' living standard and human rights circumstances and developing the bilateral relations.⁸²

The leading Sinologist Doak Barnett once delivered a famous speech entitled "U.S.-China Relations: Time for a New Beginning—Again" on April 14, 1994 at SAIS. In the speech, Barnett argued that the executive order that President Clinton signed was a step toward disasters and would inevitably threaten the stability of U.S.-China relations. The Clinton administration put human rights first in its China policy. In fact, Clinton's threat "made the entire U.S. relationship hostage to Beijing's willingness to fulfill specific U.S. demands related to human rights." Barnett elaborated broad economic and security interests shared by Washington and Beijing. He then suggested that if the White House wanted to restart U.S.-China relations, it should establish its China policy on a more rational basis that could balance all U.S. interests, reevaluate its human rights policy toward China from both pragmatic and historical angles by combining realism and idealism, consider specific human rights in the context of the broadest definition of U.S. national interests.⁸³ Relying on his deep understanding of China, Barnett made specific recommendations regarding U.S. human rights policy to China, relying on quiet diplomacy instead of high-profile actions. According to him, the linkage policy in

⁸⁰Ibid.

⁸¹Ibid.

⁸²James R. Lilley and Wendell L. Willkie II ed., *Beyond MFN: Trade with China and American Interests* (Washington, DC: The AEI Press, 1994), pp. 1–57, 77–113.

⁸³A. Doak Barnett. *U.S.- China Relations: Time for A New Beginning- Again*, p. 32.

1993 was misleading and counterproductive, with boycott from Beijing. U.S. specific actions on the issue of human rights in China should rely more on nonofficial efforts particularly by the NGOs.⁸⁴

In the same year the CSIS published a report edited by Doak Barnett, who included his speech “U.S.-China Relations: Time for A New Beginning—Again” into the book as a chapter. Gerrit Gong, director of CSIS Asia Studies Program, wrote an introduction of the book. The book included views of six Congressional members who supported de-linking of China’s MFN renewal with human rights performance. They all argued that trading with China would create more job opportunities for the United States and produce its expected economic and social changes. Among them, Max Baucus, Chairman of the Senate Committee on Finance, gave a speech on American strategy on China’s human rights at a forum hosted by CSIS Working Group on Hong Kong and China on May 20, 1994.⁸⁵ These China specialists and members of Congress conveyed their strong voice of support of de-linkage to the decision-making community in Washington. These efforts created favorable atmosphere for President Clinton’s announcement of de-linkage policy thereafter.

As one of the most prestigious U.S. think tanks, the Brookings has close ties with the Democrats. Many officials serving in the Democratic administrations are from the institution. In order to sound out public opinion before issuing new policies or shifting policies, government officials often go to the Brookings to give lectures and speeches. On January 5, 1994, Treasury Secretary Lloyd Bentsen of the Clinton administration delivered a speech on U.S. China policy to create better domestic environment for his own visit to China at the end of January. To encourage China to perform better in human rights, Bentsen proposed to urge Beijing to carry out deeper economic reforms and broaden trade with the United States. He said that having the United States enter into Chinese market would be the first goal, whereas some other issues would also be on the agenda, such as human rights. An approach to improve human rights, however, was to encourage market reform and trade.⁸⁶ The speech given by Bentsen at the Brookings conveyed a message that the Clinton administration’s economic team was willing to change its China policy dominated by the human rights issue.

Some think tanks devoted to research on Chinese marketing economy like Economic Strategy Institute also expressed their concerns about the linkage policy through hosting business leaders to meetings, who voiced their deep concerns, if not panic, over the linkage policy. They were afraid of being squeezed out of China, the largest market in the world, when their Japanese and European counterparts

⁸⁴Ibid, pp. 38–39, p. 42.

⁸⁵*U.S. China Policy: Building A New Consensus/* contributors: A. Doak Barnett... [et al.]; introduction by Gerrit W. Gong (Washington, DC: CSIS, 1994). See also Robert Sutter, “Book Review: U.S. China Policy: Building A New Consensus,” *The China Quarterly*, No. 145(Mar., 1996), pp. 217–218.

⁸⁶Clay Chandler, Daniel Williams, “Bentsen to Push China On Economic Reforms; Wider Trade Seen Encouraging Human Rights,” *The Washington Post*, Jan 6, 1994. p. D-10.

occupied it. Caterpillar Inc., as the world's leading manufacturer of construction and mining equipment, has a lot of trade with China. At the discussion panel, its Director on Governmental Affairs made a claim that should China's MFN trade status not be extended the following year, a large number of export opportunities would be transferred to Europe and Japan.⁸⁷ Harry Harding observed at the forum that Americans are always saying that they should not isolate China. In fact, China cannot be isolated. Rather, Americans will find that they are isolated from China.⁸⁸

Republicans played close attention to commercial interests in China. Some conservative think tanks experts agreed as well that granting China's MFN trade status would improve human rights in China. "The success of export-oriented free enterprise in southern coastal China," argued Richard Fisher, policy analyst at the Heritage Foundation, "has weakened Beijing's political grip there and, by example, has discredited Communism in the bitterly poor interior." "Free trade makes sense even on human rights grounds."⁸⁹

Think tanks made their positions clear through convening seminars and publishing monographs as well as articles in the media that linking trade and human rights were welcome by neither liberals nor conservatives. On the contrary, they believed that trade facilitated the development of Chinese market economy, political pluralism, expansion of middle class, and improvement of human rights. This policy idea gained supported from U.S. business community and Clinton's economic team. Advocates of the linkage policy in the State Department and their supporters in Congress realized that their policy was hard to continue. Consequently, President Clinton announced to de-link China's MFN status with its human rights performance in May 1994.

4.4 Think Tanks and Debates Over Human Rights in China's PNTR Issue

U.S. human rights policy toward China had been abandoned as a guiding policy since Washington de-linked the MFN and human rights in 1994. But people did not divert their attention from the connection between trade and human rights. Granting PNTR to China, for example, again became a focus for American society during U.S.-China negotiations over China's accession to the WTO.

The Cato Institute, a think tank that promotes free trade and markets, plays an important role on this issue. "The use or threat of trade sanctions to advance human rights in China has done relatively little to change policy in Beijing," James Dorn, a

⁸⁷Alan Murray, "China Trade Dilemma: New Thinking Needed," *The Wall Street Journal* (Eastern edition) March 14, 1994. p. A1.

⁸⁸Ibid.

⁸⁹Peter Passell, "Economic Scene; A Cold-War Trade Weapon Isn't Used on China and May Never Be," *New York Times* [Late Edition (East Coast)], Jun 3, 1993. p. D2.

China specialist and vice president of Cato, observes at the very beginning of an article entitled “Improving Human Rights in China” appeared in the *Journal of Commerce* on February 8, 1999. “Congress should consider alternative measures to improve human rights in China.” He argues that imposing trade sanctions on China would “cost U.S. consumers billions of dollars” and harm U.S. as well as the world economy. Besides, he lists many benefits of China’s accession to the WTO for the United States. “Congress should recognize,” he claims, “that advancing economic freedom in China has had positive effects on the growth of China’s civil society and on personal freedom.”⁹⁰ Doug Bandow, senior fellow specializing in trade at the same Institute, published an article proposing to grant PNTR to China in a debate in 2000. Bandow argues, “freer trade is likely to advance human rights, as well as boost business profits.” Thereby granting PNTR to Beijing, a step allowing China to enter the WTO and integrate with the world, would make a freer and more democratic China more likely. “A vote in favor of extending PNTR to China is a vote for reform of the Chinese economy.” “Although market reforms do not guarantee greater respect for human rights, economic prosperity brought increased pressure for democracy.” In the case of China, “political decentralization and personal autonomy have been expanding.” Private associations and companies have also been on the increase. The more personal autonomy and economic freedom Chinese people have, the greater the pressure the government has for change. “Fundamental to one’s humanity is the freedom to peacefully exchange the product of one’s labor with others,” the author says. “If Americans want to buy, say, toys, clothes or Christmas ornaments from Chinese rather than U.S. firms, they have a moral right to do so.”⁹¹

In order to spread the perception that free trade advances human rights and thereby urges Congress to grant China PNTR, Daniel Griswold, director of the Center for Trade Policy Studies at the Cato Institute, along with three co-authors from religious, business and academic communities, wrote a report—“Trade and the Transformation of China: The Case for Normal Trade Relations”—in the *Cato Trade Briefing Paper* in 1999. Among them, Ned Graham, son of Billy Graham, a well-recognized American Christian evangelist, believes that “Trade encourages human rights and facilitates the work of Western religious ministries active in China.” The East Gates International he led has legally distributed over 2.5 million Bibles to nonregistered religious practitioners in China since 1992, thanks to the convenience of engagement. Besides, “the organization can communicate freely with its contacts in China because of the proliferation of information-exchange technology such as e-mail, faxes, and cellular telephones—a development made possible by trade and economic reform.” Graham holds the belief that China’s PNTR status and WTO membership will create greater progress in the development

⁹⁰James A. Dorn, “Improving Human Rights in China,” http://www.cato.org/pub_display.php?pub_id=10994.

⁹¹Doug Bandow, “Trade with China: Business Profits or Human Rights?” http://www.cato.org/pub_display.php?pub_id=4713.

of the rule of law. Furthermore, trade would bring about greater understanding between American and Chinese people. The phenomena of “some leaders in the U.S. religious community” criticize China “without first-hand knowledge” and “engaging in ‘high-decibel’ China bashing” would decrease because of free trade. It could increase exponentially personal and religious freedoms in China.”⁹²

At the critical moment when it came to the final stage for U.S. Congress to debate over China PNTR bill in 2000, the Cato Institute published a book entitled *China’s Future: Constructive Partner or Emerging Threat?* The book discusses U.S.-China relations at the dawn of the new century. As one of the chief editors, James Dorn organized scholars to discuss and provide policy recommendations, such as the importance of China’s WTO accession to U.S.-China relations and key issues on trade and human rights. Among contributors to the book, Robert Manning, director of Asian Studies at the CFR, argues that the United States “could justify a more effective, if lower-profile, U.S. human rights policy. Instead of merely focusing on the pressure of summits and other events to obtain the release of celebrity dissidents, a less glamorous—but a more long-term—approach would be to concentrate on bolstering the new social forces from within rather than seeking to impose policies from without.” Manning illustrates with an example of the International Republican Institute. The Institute “has quietly assisted China in holding village elections, which now occur in tens of thousands of villages across China.” It is also devoted to “helping build legal curricula in Chinese universities, training lawyers and judges, and broadening the exposure of China’s parliament.” Such measures, along with the “quiet diplomacy,” could pay long-term dividends. “While it would overstate the case to say that trade alone promotes human rights, the expansion of trade and investment is certainly a factor affecting social change in China.”⁹³ James Dorn observes that while repression and corruption continue in China, the country is becoming freer, more prosperous and more modern. That is why the United States should continue with its policy of engagement toward China. Dorn comes to conclusions when considering China’s positive changes including economic and political freedom that brought by that country’s economic reform. “Now that the United States has reached an accord with China for the latter’s accession to the WTO, America should work with other industrialized countries to help China develop the rule of law and to further expand its nascent market economy.” U.S. Congress should not veto the China PNTR bill and keep China out of the WTO because it is “a move that would decrease economic freedom and erode, not advance, human rights in China.” According to him, the United States of course should not ignore the plight of human rights abuse, but these important issues “should be dealt with separately,” rather than linking human rights to China’s WTO membership. “Normalizing trade relations,” argues Dorn, “is still the best

⁹²Daniel Griswold, Ned Graham, Robert Kapp and Nicholas Lardy, “Trade and the Transformation of China: The Case for Normal Trade Relations,” *Cato Trade Briefing Paper*, No. 5, July 19, 1999, pp. 3–6.

⁹³Ted Galen Carpenter and James A. Dorn, eds., *China’s Future: Constructive Partner or Emerging Threat?* (Washington, DC: Cato Institute, 2000), p. 203.

way to teach the Chinese people that the voluntary market offers a better chance for happiness, peace, and prosperity than does the heavy hand of the state.”⁹⁴

Co-edited by Elizabeth Economy at the CFR and Michel Oksenberg and published in January 1999, *China Joins the World: Progress and Prospects* examines China’s participation in world affairs over the past quarter century by studying relations between China and international regimes on the issues of “human rights, arms control, the United Nations, trade, banking, the environment, energy, and telecommunications.”⁹⁵ The authors argue that the United States “must establish a set of priorities that contributes to China’s integration into the world community” and these priorities include developing economic relations and encouraging the rule of law.⁹⁶ In response to Senator Paul Wellstone’s statement that the United States must insist that China “establish an independent judiciary, a free press and respect for the rule of law” as conditions to reach agreement with China, Economy suggests Congress to finance the rule-of-law programs “President Clinton and President Jiang Zemin of China agreed to pursue last summer” in *New York Times*.⁹⁷

Some members of Congress opposed to grant PNTR status to China to air their grievance against—not on treaties reached between Washington and Beijing—China on other issues, including human rights record, trade deficit, labor rights, nuclear nonproliferation, environmental and the Taiwan issue. For them, once the bill was passed and China was granted PNTR status, the leverage would be gone. Without any leverage, it would be difficult to exert influence on the administration’s China policy. Therefore, they hoped to reserve a leverage to impose pressure on China.⁹⁸ Scholars from conservative think tanks, such as Stephen Yates at the Heritage Foundation and Arthur Waldron at the AEI, articulated their voices clearly, echoing those Congressional members. These conservative scholars took skeptical attitude toward China’s PNTR status and the view of promoting Chinese democracy, human rights practices and freedom by trade. Instead, they believed that debates over China’s trade status over the past years had not led to any improvement in human rights in China. They proposed to find out an effective approach to express American concern by establishing a special commission, “coordinating the monitoring of human rights developments on a continuing basis rather than annually.” Therefore, United States can clearly indicate its intention in urging China

⁹⁴Ted Galen Carpenter and James A. Dorn ed., *China’s Future*, pp. 158–159.

⁹⁵See <http://www.cfr.org/china/china-joins-world/p82>.

⁹⁶Elizabeth Economy and Michel Oksenberg, *China Joins the World: Progress and Prospects* (New York: Council on Foreign Relations Press, 1999), p. 30.

⁹⁷Elizabeth Economy, “To The Editor,” *New York Times*, April 10, 1999, p. A-14. As stipulated in the *China-US Joint Statement* issued by visiting Chinese President Jiang Zemin and President Bill Clinton in October 1997, the two countries agreed to conduct legal exchanges, including exchanges of legal experts, training of judges and lawyers, and etc. But U.S. Congress refused to finance these legal exchanges. This is what Economy referred to in newspaper. See Wenzhao Tao, *Zhongmei guanxi shi, 1972–2000* [A History of China-US Relations, 1972–2000] (Shanghai: Shanghai People’s Press, 2004), p. 307.

⁹⁸Wenzhao Tao, *Zhongmei guanxi shi*, p. 376.

to substantially improve its human rights while continuously promoting “increased opportunities for American business and consumers.”⁹⁹

A number of major think tanks in the United States hosted seminars to discuss and debate about whether China should be granted PNTR status. Both proponents and opponents had their voices heard at these seminars. In the course of these debates, the CFR among other think tanks displayed its comprehensive attitudes toward PNTR and played a crucial role in organizing debates and seminars.

On May 1, 2000, the CFR invited Max Baucus, a member of the Democratic Party and leading Senator from Montana who supports China’s PNTR status, to deliver a speech titled “Why PNTR for China Can’t Fail?”¹⁰⁰ On May 5, eight prominent think tanks jointly hosted a debate over the PNTR issue. The CFR and the Heritage Foundation led the debate, participated by the Brookings, the Nixon Center, the IIC, the CSIS, the Carnegie, and the RAND. Presidents of these think tanks were present, and their experts specializing on China in different areas were also involved. The second panel was about the issue of human rights in China. Participants included David Lampton, director of Chinese Studies at the Nixon Center, Martin Lee, Chairman of the Democratic Party of Hong Kong, Congressman Sherrod Brown, New York University associate professor of sociology Doug Guthrie and three representatives from the United Auto Workers, National Wildlife Federation Office, and Public Citizens Global Trade Watch. Two labor representatives and a representative from environmentally–friendly organization criticized China’s poor records in labor, human rights and environmental protection, opposing to grant China PNTR status. The representative from civil rights organization was skeptical about the position maintained by American companies and business communities that trade promotes individual freedom and human rights and indicated that it had not been the case since the policy of de-linking trade and human rights in 1994. The opposite ideas undoubtedly got the upper hand. Guthrie believed that those who opposed PNTR to China were totally wrong when they said that China had seldom improved its practices in human rights. In the two decades since its reform and opening up, China had already achieved much progress. Multiple laws were formulated, and many labor laws were passed and implemented, even though drastic changes were not expected to happen quickly. Thus, support for PNTR was to show support for Chinese reformers. Lampton clearly stated that he supported PNTR for China. Observing from the perspective of Hong Kong, Lee argued that China’s entry to the WTO was

⁹⁹Stephen Yates and Larry Wortzel, “How to Trade with China Benefits Americans,” *Backgrounder* No. 1367, May 5, 2000, <http://www.heritage.org/research/reports/2000/05/how-to-trade-with-china-benefits-americans>.

¹⁰⁰Max Baucus, member, U.S. Senate, “Why PNTR for China Can’t Fail?” May 1, 2000, Council on Foreign Relations.

http://www.cfr.org/publication/3647/why_pntr_for_china_cant_fail.html?breadcrumb=%2Fpublication%2Fpublication_list%3Fgroupby%3D3%26type%3Dtranscript%26filter%3D2000%26page%3D1.

beneficial to the rule of law in China and also favorable to maintain the current rule of law in Hong Kong. Thereby he too supported the PNTR bill.¹⁰¹

The debate was another version of debate over PNTR by Congress. A large number of China experts from think tanks provided forcible argument that passing PNTR for China was consistent with American interests. Furthermore, it would advance development of Chinese market economy and promote personal freedom and human rights. Opposing views existed; but the environment that was conducive to the PNTR legislation began to take shape.

After Washington and Beijing reached the agreement on China's entry to the WTO, U.S. Congressional commissions and committees held a number of hearings regarding PNTR to China, particularly from January to July 2000 when Senate finally passed the bill. Representatives from American business and industrial—agriculture in particular—circles, human rights, labor, and religious groups, as well as officials serving in the Clinton administration attended these hearings. Trade officials from some states also came to testify before Congress. It is needless to note that scholars from think tanks were also invited, including former U.S. ambassadors to China James Lilley, Winston Lord, and James Sasser, as well as Nicholas Lardy of the Brookings, Arthur Waldron of the AEI, and Robert Kagan of the Carnegie. James Lilley, Winston Lord, and James Sasser among others proposed realistic engagement policy, acknowledging that the PNTR bill would facilitate China's market-oriented reform and individual autonomy. At a hearing on U.S.-China relations before the Senate Committee on Foreign Relations on October 27, 1999, Winston Lord enunciated the so-called "ten commandments," in which the first one was that "thou shalt not demonize China."¹⁰² Obviously, his position on China's human rights issue was quite different from what he had in the early 1990s when serving as Assistant Secretary of State. When giving testimony at a hearing, Lardy highlighted challenges facing Chinese economy and the significant relationship between granting China PNTR status and American national interests. Besides, he attempted to prove that China's entry to the WTO would create a favorable environment supporting reform and encouraging the establishment of a free market economy. U.S. opposition against China's accession to the WTO would result in economic occupation of Chinese market by Europeans and Japanese. It would at the same time convey a message that Washington opposed China's reform. Therefore, China's entry into the WTO was consistent with U.S. interests.¹⁰³

¹⁰¹“China's Bid for Permanent Normal Trade Relations: A Hearing on the Debate (Transcript),” <http://www.cfr.org/asia/chinas-bid-permanent-normal-trade-relations-hearing-debate-transcript/p3641>. Permanent Normal Trade Relations: A Hearing on the Debate (Transcript) China's Bid for Permanent Normal Trade Relations: A Hearing on the Debate (Transcript) China's Bid for Permanent Normal Trade Relations: A Hearing on the Debate (Transcript) China's Bid for Permanent Normal Trade Relations: A Hearing on the Debate (Transcript).

¹⁰²“The Future of U.S.-Chinese Relations,” Testimony by Hon. Winston Lord before the Committee on Foreign Relations, U.S. Senate, October 27, 1999.

¹⁰³“China's Accession to the WTO,” Statement of Dr. Nicholas R. Lardy before the Committee on Finance, U.S. Senate, April 6, 2000.

When testifying at a hearing, Merle Goldman, Research Fellow at Fairbank Center for Chinese Studies, argues that economic sanction should not be utilized as a means to promote human rights. Sanctions would only stir up Chinese nationalism and anti-Western demonstrations, and were consequently unfavorable to human rights practices in China. She believed that the more memberships of international organizations China gained, the more likely China would follow rules and norms and improve human rights. This was absolutely true. Human rights circumstances would be improved gradually as China was integrated more into—not isolated from—the world.¹⁰⁴

In terms of China and PNTR, U.S. administrative departments held the same policy position as think tanks that advocated engagement. “This agreement is just as vital ‘if not more vital’ to our national security as it is to our economic security,” remarks Samuel Berger, the then Assistant to the President for National Security Affairs, at the Business Roundtable at St. Regis Hotel in Washington, D.C. on February 8, 2000. “It is far more likely to move China in the right direction” and promote American national interest. Berger believed that the agreement reached between the United States and China could not only speed economic change, but also had “the potential to encourage China to evolve into a more open society.” It would liberate “the minds of its people and empowers the individual,” he said. “In this age, you cannot expect people to be innovative economically and stifled politically.”¹⁰⁵ Senator Chuck Grassley, a supporter of China PNTR bill, pointed out that the policy of imposing economic sanctions on China had failed. Granting PNTR to China would facilitate Chinese policy of reform and opening up, promote the establishment of market economy, and help that country to be a member of international community. In terms of human rights and freedom, Grassley maintained that one should never expect to turn China into a model of constitutional democracy. However, economy and politics could never be separated and fundamental changes in Chinese economic and political structures were possible if China was to follow rules of the WTO, he concluded.¹⁰⁶ Based on a latest poll, William Archer, Chairman of the House Ways and Means Committee and a long-time supporter of China’s PNTR status, declared on May 10, 2000 that “67% of those surveyed ‘believe efforts to improve human rights and environmental conditions in China would be helped by opening China to trade with the U.S.’” and “75% of Americans said they believe opening the world’s largest consumer market to U.S. exports would lead to increased jobs in the U.S.”¹⁰⁷

¹⁰⁴“Trade with China and Its Implications for U.S. National Interests,” Statement of Merle Goldman before the Committee on Finance, U.S. Senate, March 23, 2000.

¹⁰⁵“Remarks by Samuel Berger, Assistant to the President for National Security Affairs,” February 8, 2000, *Washington File*, February 4, 2000, pp. 12–16.

¹⁰⁶“Senator Grassley Urges Senate to Proceed with PNTR Vote,” September 6, 2000, *Washington File*, September 6, 2000, pp. 8–13.

¹⁰⁷“Ways and Means Chairman Archer Release Poll on China PNTR,” *Washington File*, May 11, 2000, pp. 6–7.

As discussed above, on debates over U.S. human rights policy toward China, policymaking community and the public have already reached a consensus that the liberalization of Chinese economy would lead to improvements of human rights in the country. The consensus was more than significant in passing the PNTR bill. Some experts from think tanks have provided strong support for the policymaking community and the general public.

But it does not mean there was no market for the argument of “China threat” advocated by some conservative experts in think tanks. Arthur Waldron, for example, opposed to grant China PNTR status for many times when testifying before Congress. When giving a testimony before U.S. Senate Committee on Foreign Relations on April 11, 2000, Waldron expressed his opposition against the bill by taking into account Chinese military threat and violations of human rights. “I believe that from an economic point of view PNTR is very much in our and in China’s economic interest,” he argues. However, “granting PNTR absent the security and human rights conditions” would make Washington “lose its control over Chinese military threat and human rights violations.” Therefore, Washington should adopt some measures to adjust the bill, demanding China’s concessions to the United States on the Taiwan issue. Congress had to “serve as a brake on Beijing” to “discuss the crucial issues,” he argued. “Otherwise it will be read as a concession.”¹⁰⁸ Likewise, when giving testimony, the prominent neoconservative Robert Kagan expressed his skepticism about the hypothesis that economic liberalization would finally lead to political liberalization. On the contrary, he pointed out that the United States had no clear idea about how economic liberalization could affect Chinese politics, and when it would happen. Kagan opposed to pass the PNTR bill immediately and suggested postponing it, contingent upon Beijing’s reactions to Taiwan after Chen Shui-bian came to office.¹⁰⁹ Some human rights activists, such as Wei Jingsheng and Harry Wu of the Laogai Research Foundation, opposed the bill as well. They thought that even if the bill was passed in Congress, there should be some other measures to improve human rights in China.¹¹⁰

On the issue of China’s PNTR status, U.S. think tanks and Congress are both clearly divided. Some conservative think tanks and Congressional members held the same position, disagreeing that trade will automatically improve human rights in China and believing some “realistic” means are needed. To continue their long-time focus on China’s human rights, they redoubled their efforts to establish the CECC. A part of liberal think tanks did not oppose this position. However, experts from

¹⁰⁸Prepared Testimony of Arthur Waldron Lauder before the Senate Foreign Relations Committee, “Giving the People’s Republic of China Permanent MFN: Implications for U.S. Policy,” April 11, 2000. p. 14.

¹⁰⁹Statement of Robert Kagan, hearing before the Committee on Finance, U.S. Senate, “Trade with China and Its Implications for U.S. National Interests,” March 23, 2000.

¹¹⁰Prepared Statement of Wei Jingsheng before the Senate Foreign Relations Committee, “Giving the People’s Republic of China Permanent MFN: Implications for U.S. Policy,” April 11, 2000. pp. 3–4; Statement of Harry Wu, hearing before the Committee on Finance, U.S. Senate, “Trade with China and Its Implications for U.S. National Interests,” March 23, 2000.

some other think tanks, such as the Brookings and the Carnegie, evaluate PNTR issue from a broader perspective, including economic interest and positive impacts of PNTR on U.S. economy and national security as well as China's market reform and economic liberalization. Now a growing number of people tend to agree Harry Harding's position in 1997 that "the United States should adopt a more comprehensive definition of human rights."¹¹¹ This new concept should include the rule of law, democracy, elections, and individual freedom. The issue of human rights should not become a narrow one that concentrates on several dissidents only while criticizing Chinese human rights record.

The debates over the PNTR bill had lasted for several months. As a result, the viewpoint—that trade with China will promote economic liberalization and market economy as well as individual autonomy, and is poised to improve human rights eventually—had been widely accepted. Both parties that involved in the debates made compromises, part of which was to establish the CECC and the USCESRC. The CECC now has turned to be the most important agency for Congress to observe Chinese human rights practices after the PNTR bill was approved. However, it is denounced as "a tiger without teeth"¹¹² by some human rights organizations because it lacks enforcement power. Additionally, commissioners and particularly chairman have diverse influences. So the influence of the CECC remains limited. The USCESRC has long followed trade and investment between the United States and China and their implications for U.S. national security. To some extent, it can be thought as an agency dedicated to politicizing economic issues. For instance, the failed CNOOC-Unocal merger in 2005 was once thought of as a threat to U.S. national security and thus was strongly opposed by the commission.

4.5 Issues of Democracy and Rule of Law After China's Accession to the WTO

The most attractive issue to U.S. think tanks is China's promises to the WTO and relevant law reform after its entry to the organization. Think tanks have enhanced their research on China. They no longer confined their research on China's human rights violations; instead they have enlarged their research agendas to include the rule of law, elections, development of civil society, political reform, and democratic progress. These changes are tacitly ushering U.S. China human rights policy to a new stage.

First, a number of think tanks take China's judicial reform as their key research project. The Carnegie started with research on this issue a long time ago.

¹¹¹Harry Harding. "Breaking the Impasse over Human Rights," in Ezra F. Vogel, ed., *Living with China: U.S./China Relations in the Twenty-first Century* (New York: W. W. Norton & Company, 1997), p. 174.

¹¹²Interview with Anne Thurston, summer, 2010, Washington, D.C.

Specifically, It hosted high-level officials and scholars to address China's legal reform, conducted empirical research jointly with Chinese institutes on judicial system, and carried out independent research such as the influence of China's accession to the WTO on the rule of law reform. Some major research fellows, such as Minxin Pei and Veron Hung, published widely on China's legal reform and also appeared at the CECC to testify. By doing so, the Carnegie introduced the latest developments and challenges of the rule of law in China to the commission. At the hearing before the Senate Committee on Foreign Relations on June 7, 2005, Pei testified that the United States "can play a crucial role in promoting the rule of law in China." "Through high-level political dialogue, financial and technical support, and consistent diplomatic pressures, the United States government can help create the rights incentives for reform within China."¹¹³

The CFR also combines the rule of law and human rights in doing research. At a hearing before the CECC in July 2005, Jerome Cohen provides his testimony titled "Law in Political Transitions: Lessons from East Asia and the Road Ahead for China." Cohen introduced the developments of the rule of law in China and their role in Chinese political transformation.¹¹⁴ On September 20, 2006, Cohen gave a testimony before the CECC again on human rights and the rule of law in China. He introduced "prospects for legislative reform of the criminal progress," "supreme court's efforts to restrict application of the death penalty," "the Communist Party's participation in criminal investigation," "new restraints upon lawyers," "the immediate future," and some "disgraceful handling of some recent criminal cases," and finally provided some policy recommendations.¹¹⁵ Moreover, the CFR hosted roundtables and invites Chinese or American law specialists to address and debate over relevant issues such as China and international law and rule of law. Topics that have been discussed since 2005 include construction of Chinese legal system, environmental challenges and the rule of law, legal uncertainty in foreign investment in China, China's state secret system: impact on the rule of law, China's new lawyers law and the roles of the legal profession, role of legislative committee in the making of Chinese laws, contending roles of Chinese courts, public interest lawyers in China, relations between lawyers and political freedom in China.¹¹⁶

The CSIS draws special attention to studies of China's rule of law. The China Balance Sheet, a joint project by CSIS and the PIIC, provides a thorough introduction of development of the rule of law in China. The Wilson Center since 2000 has invited many experts on China's rule of law to do research at the Center and

¹¹³Prepared Statement of Minxin Pei, hearing before the Subcommittee on East Asian and Pacific Affairs of the Senate Foreign Relations Committee, "The Emergence of China Throughout Asia: Security and Economic Consequences for The United States," June 7, 2005.

¹¹⁴Jerome A. Cohen, Prepared Testimony before the Congressional-Executive Commission on China, "Law in Political Transitions: Lessons from East Asia and the Road Ahead for China," July 26, 2005.

¹¹⁵Jerome A. Cohen, Prepared Testimony before the Congressional-Executive Commission on China, "Human Rights and the Role of Law in China," September 20, 2006.

¹¹⁶See the website of the Council on Foreign Relations at <http://www.cfr.org>.

published a wide range of issues of special reports concerning Chinese reform on the issue. Wilson Center's efforts have furthered American academia's understanding of the rule of law in China. The Asia Foundation's China law program is more special. The program cooperates with the Chinese government, providing trainings for officials about administrative law and rules and regulations of the WTO. Besides, the foundation delivers trainings for Chinese scholars specializing in law, providing scholarships and technical assistance. The foundation has established cooperative ties with some Chinese universities and sponsored joint research on administrative law projects. The Asia Foundation attempts to promote developments of the rule of law in China by initiating practical activities directly in China.

Second, prominent think tanks have focused their efforts to analyze progress and prospects of China's democratization. The Brookings and the Carnegie have achieved the most significant progress ahead of their counterparts. The Brookings has done plenty of research on progress, prospects and challenges of Chinese political reform in recent years, issues including democratic development, elections, judicial system, the middle class, commercialization of media, civil society groups, expansion of lawyers, and intra-party democracy. It argues that China has already gained a favorable momentum in democratic development. The Carnegie concentrates on challenges in governance and democratic development in China. It holds a pessimistic outlook because of the slow political reform in China and thus thinks that the future of China's democracy seems gloomy. This point of view echoes that of the conservative AEI. Ying Ma, a Chinese-American scholar at the AEI, once had the similar position on China's democratic reform. The Freeman Chair in China Studies program at the CSIS hold the same position, to the effect that the United States should maintain a realistic attitude toward China's recent democratic reform and not expect too much.

The AEI has shifted its focus to development of civil society. Some other think tanks have also slightly altered their research agenda. Some China experts at the Wilson Center turned to intra-party democracy and political reform. The *China Leadership Monitor*, a quarterly publication sponsored since 2002 by the Hoover Institution on War, Revolution, and Peace at Stanford University, has provided analysis of politics among China's leadership and seeks to "inform the American foreign policy community about current trends in China's leadership politics and in its foreign and domestic policies." FPRI publishes widely on China's democratization, such as Jacques deLisle's "Democratization in Greater China" (2004), "Development without Democratization? China, Law and the East Asian Model" (2009) and June Teufel Dreyer's *China's Political System: Modernization and Tradition* (2008). The Carter Center and the Asia Foundation among others have aroused plenty of attention in the United States and China because of their work in observing China's village elections, promoting democratic practices, and sponsoring pilot projects.

Lastly, human rights in a narrow sense, i.e., attention to China's human rights violation practices and overseas Chinese civil rights advocates, is still a key research agenda for a few conservative think tanks such as the Heritage Foundation.

These conservative think tanks work together with some civil rights groups and the NGOs so as to increase Americans' attention to the issue of Chinese human rights. But this is not the mainstream among American think tanks. Many of them have progressed a lot in research concerning the rule of law, political reform and democratic advancement. In this context, think tanks and American decision makers have gradually formed an idea that U.S. human rights policy toward China should be understood with a broader definition. It is far more meaningful to focus on China's rule of law and democratic progress than a few dissidents and civil rights advocates. Washington should engage and cooperate with Beijing rather than impose pressures on it.

Admittedly, the debates over American human rights policy toward China have not ended. A part of conservative think tanks and civil rights groups as well as many members of Congress insists on "saying no" to a policy of engagement and are tough with China. They lack an adequate knowledge of development in legal affairs, individual autonomy, and civil society in China. They still advocate using all approaches including economic sanctions to exert great pressure on China to improve human rights. Debates continue, and only realities will teach them a lesson.

4.6 Brief Summary

The Human rights issue remains important for China-U.S. relations. With the development of bilateral relations, the role of human rights has been changing over the past two decades. In the early 1990s, the United States linked China's MFN trade status with human rights, and perceived human rights as the first consideration when making China policy. So the issue of human rights was regarded as the most important one and placed on the top of bilateral relations. This has distorted China-U.S. relations. Since this abnormal phenomenon did not accord with realities of bilateral relations and the two countries' national interests, it was doomed to failure. While the issue of human rights still exists, it is only part of China-U.S. relations now. Although Washington and Beijing are divided on the issue, they can choose to cooperate on other issues. The two countries share many common interests in bilateral, regional, and global issues than what stand in the way of their relations. This clearly distinguishes the issue of human rights from what it used to be in the 1990s.

U.S. attitude toward human rights also changed. In order to improve the record of human rights in China, U.S. government in the 1990s imposed pressures on China by utilizing bilateral and multilateral measures. Since 1990 the United States has submitted the issue of human rights to United Nations Human Rights Committee so as to exert pressures on China on multilateral occasions with its allies. It had proposed the same issue for more than 10 times by 2001, but was vetoed by UN Human Rights Committee all the times. American behavior rendered the issue the most emotional for China-U.S. relations, and periodically bothered

their relations. The situation had not changed until September 11 attacks in 2001. Tensions on human rights eased partly because Washington needed support and cooperation from Beijing to build global anti-terror front. Drawing lessons from its unsuccessful attempts, the United States realized that the approach to impose pressures on China to improve human rights record could hardly work out.

American think tanks hold diverse perceptions on Chinese human rights practices. Some understand the issue from a broad perspective and some from a narrow one. While some suggest forcing China to improve human rights by imposing greater pressures, others recommend dealing with human rights and trade issues separately. This is understandable. The twenty-plus-year-long China-U.S. relations have already proven which views are right and which are wrong. In the early 1990s, shrewd scholars at some think tanks put forward insightful viewpoints on U.S.-China disputes on the human rights issue. Harry Harding is one of them. He once suggested that the two countries to break the impasse over human rights. "The United States should adopt a more comprehensive definition of human rights, so as to include social and economic rights as well as political and civil freedoms." He also reminded the United States to "adopt a longer-term perspective toward the issue of democratization" because "democratization is usually a long-term process." Democratization needs a variety of preconditions, including social, economic, educational and cultural elements. American democracy is a product of the society. China will develop its own democracy that is different from that of America. Therefore, both countries should "identify their common interests" and "develop cooperative programs" to pursue them and eventually "transform the human rights issue from confrontation to at least partial cooperation."¹¹⁷ Harding wrote these words fifteen years ago but they are still correct and continue to enlighten people in today's world.

Perceptions of China's human rights by U.S. political and academic circles including many think tanks have changed too. After China gained its membership in the WTO, the majority of think tanks shifted their research agenda. They do not concentrate on human rights issue in a narrow perspective focusing on dissidents, but enlarge the scope of the issue, covering the process of Chinese democracy, the rule of law, and political reform, with great progress in research and academic influence. A more comprehensive and balanced attitude toward U.S. human rights policy to China begins to take shape. Think tank scholars have reached similar conclusions that U.S. human rights policy to China should focus more on broader human rights circumstances. They also share the belief that the two countries can cooperate on some issues. As for disputes on human rights, the two countries have to exchange their standpoints through dialogues and communications. Dialogues, engagement and exchanges work much better than unilateral pressures the United States imposes on China, easier to attain the goal of U.S. human rights policy.

¹¹⁷Harry Harding. "Breaking the Impasse over Human Rights," in Ezra F. Vogel, ed., *Living with China: U.S./China Relations in the Twenty-first Century* (New York: W. W. Norton & Company, 1997), pp. 173–178.

China and the United States issued a joint statement in Washington in October 1997 between visiting Chinese President Jiang Zemin and President Bill Clinton. As specifies in the statement, the two countries “have agreed to discuss them [differences on human rights] through dialogue at both governmental and non-governmental levels in the spirit of equality and mutual respect.” They agree to promote “cooperation in the field of law” through exchanges of legal experts, training of judges and lawyers, and exchange of legal materials.¹¹⁸ However, the cooperation in the field of law was aborted due to U.S. Congress’s refusal to finance the program. But the agreement that the two countries reached suggests that they could open up new horizons to cooperate on human rights through dialogues and communications.

Cooperation and communications between China and the United States on the issue of human rights had gained a new momentum since Barack Obama assumed presidency. When President Obama visited China in 2009, a joint statement was issued. “Both sides recognized that the United States and China have differences on the issue of human rights. Addressing these differences in the spirit of quality and mutual respect, as well as promoting and protecting human rights consist with international human rights instruments, the two sides agreed to hold the next round of the official human rights dialogue in Washington D.C. by the end of February 2010. The United States and China agreed that promoting cooperation in the field of law and exchanges on the rule of law serves the interest and needs of the citizens and governments of both countries. The United States and China decided to convene the U.S.-China Legal Experts Dialogue at an early date.”¹¹⁹ In another joint statement issued in January 2011 when President Hu Jintao paid a state visit to the United States, it reaffirms that both sides “agreed to hold the next round of the resumed Legal Experts Dialogue before the next Human Rights Dialogue convenes.”¹²⁰ More efforts from both sides are needed to implement the above-mentioned stipulations, yet these are significant steps toward building mutual trust on the issue of human rights.

The history of confrontations on the issue of human rights between the two countries over the past twenty plus years after the end of the Cold War indicates that imposing pressures on China for change contributes nothing to the final resolution of the lasting issue of human rights. In contrast, confrontations would intensify the issue and hence destroy the stability of China-U.S. relations. Only dialogues, communications and cooperation can facilitate mutual trust and understandings on human rights, and promote a more robust and stable China-U.S. relationship.

¹¹⁸*China-US Joint Statement*, October 29, 1997. World Affairs Press ed., *Nuli jianli zhongmei jianshexing zhanlue huoban guanxi – jiang zemin zhuxi dui meiguo jinxing guoshi fangwen* [Strive to Build China-U.S. Constructive Strategic Partnership: President Jiang Zemin’s State Visit to the United States of America], 1998, p. 12.

¹¹⁹“Zhongmei fabiao lianhe shengming tuijin liangguo hezuo” [China and US Issues Joint Statement to Strengthen Relations between the Two Countries], *Xinhua meiri dianxun* [Xinhua Daily Telegraph], November 18, 2009.

¹²⁰“China-U.S. Joint Statement,” *Xinhuanet*, January 19, 2011.

Chapter 5

U.S. Think Tanks and Environment and Energy Policies to China

Hao Qian

At the turn of the new millennia, US National Intelligence Committee issued a special report titled *The Global Trend in 2015* (No. NIC2000-02) to discuss the possible motivations and trends in the world in 2015, including natural resources, food, water, energy and environment. In particular, this report focused on regions in China with insufficient water resource and possibly resultant conflicts, the feasible exploration of energy, and relations between energy price and distribution. Contributors to the report consulted with nongovernmental experts on policies to formulate their report, and formally listed Chinese environmental and energy issues onto the agenda of US global strategy. In the wake of Democrat President Obama's coming to the White House in January 2009, the Democrats tradition of caring about global environment, energy and climate change and the president's commitment to environmental governance and his own idea of "new energy governance" in the electoral platform have made environmental and energy issues in a swiftly developing China an important factor in the administration's consideration of China policy. This chapter mainly deals the "idea" output of American think tanks to official security strategy in environment and energy, their positive and negative influences on China-US strategic and economic dialogue, and their impacts on the three American presidents during the Kyoto Protocol and the post-Kyoto Protocol period. It also analyzes China-US cooperation and conflicts in the sphere of energy and climate change. It argues that the China-US common interest in global ecology will help the two countries to finally find out a meeting point and coordinate their behaviors.

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5.1 Origins of U.S. Environmental and Energy Policies to China

In a broad definition, the concept of environment includes natural environment like air, water, and soils and natural resources like forests, animals, plants, and energy. Lester Brown, founder of the World Watch Institute and an expert in environment, first introduced the term environment into the concept of security. As the “great master of the environmental movement” named by *Telegraph India* (Jakarta), his main works include *Man, Land and Food* (1963), *Increasing World Food Output* (1965), *World Without Borders* (1972), *In the Human Interest* (1974), *Building a Sustainable Society* (1981), *Full House: Reassessing the Earth’s Population Carrying Capacity* (with Hal Kane) (1995), *Who Will Feed China?: Wake-Up Call for a Small Planet* (1995), *Tough Choices: Facing the Challenge of Food Scarcity* (1996), *Beyond Malthus: Nineteen Dimensions of the Population Challenge* (with Gary Gardner and Brian Halweil) (1999), and *Plan B: Building a Planet Under Stress and a Civilization in Trouble* (2003). Brown argued in *Who Will Feed China* that because of the increasing water shortage and massive erosion and depletion of cropland, in addition to population growth, “China may soon have to import so much grain” to feed its 1.2 billion people by the early 20th century “that this action could trigger unprecedented rises in world food prices” and produce great impact on world food supply.¹ Originally, this book on China’s food issue was a report of 141 pages, published in America in *World Watch*, September 1994. It was translated into Chinese, Japanese, German and Italian soon after publication. Brown’s criticism of Chinese environmental deterioration from the perspective of food supply has been a representative work of systemically studying China’s environmental problem among American academic circle. It eventually provided a theoretic base and core text for positivist studies on the thesis of “Threat of Chinese environment” within the general theme “China threat” in the mid-1990s.²

¹Quoted from Liu Xiaobiao, *Changshuai zhongguo de beihou: cong weixielun to bengkuilun* [Behind Discrediting China: From China Collapse to China Threat] (Beijing: China Social Sciences Press, 2002), p. 20.

²Lester Brown’s empirical report was first strongly criticized and refuted by China. With the initiative and popularity of “scientific development outlook” in China, however, the government and the academic circle began to recognize Brown’s research conclusion on the relations between population and environment. In 2003, Brown was appointed as honorary professor of Shanghai University. In 2005, he was appointed as honorary professor of the Graduate School of Chinese Academy of Sciences. Brown have visited China many times, giving speeches in China’s Agricultural University and Tsinghua University, etc.

Theoretically speaking, although studies on environmental and energy security have made a great progress since the beginning of post-Cold War, they started with a certain scale during the middle and late period of the Cold War, with the arrival of “American School” consisting mainly of U.S. scholars.³ There are three stages in research.⁴

1. The Initial State (1972–1992). UN Conference on Human Environment was convened in Stockholm in June 5, 1972 and passed its Declaration. On December 15 of the same year, UN Assembly made a resolution for establishing the United Nations Environment Programme (UNEP). In January 1973, the UNEP was formally established as a coordinate organization under the United States for global environmental protection. During this interval, the United States realized the significance of energy to national security amid the 1973 oil crisis, and more scholars agreed to include energy and environmental security into the concept of national security. In view of this, U.S. Department of Energy was established in 1977.⁵ During the Carter administration, the president directed the Department of State, together with several dozens of governmental institutions and academic and international organizations to conduct “a global research 2000,” predicting the likely impact of population, resource and environmental circumstances on American domestic and foreign affairs in the following several decades. Since then, studies of global environment and climate change have gradually come up with the so-called American School. During this period, China was at its early stage of open door and modernization, the degree of energy deplete and environment worsening was not acutely surfaced. At the same time, international acknowledgement and attention to the possible bad outcome of environment and energy deplete were far away from the degree of world today. In addition, both the Reagan and Bush administrations insisted on the principle that domestic economic development should not be constrained by environmental policy. As a result, few studies and research reports on China’s environmental and energy issues appeared in American academic circle, and almost no special research projects were funded.
2. Developmental Stage (1993–2000). Pace of movement in this stage was a little fast compared with that in the long initial stage. UN Environment and Development Assembly was convened in Rio De Janeiro, Brazil in June 1992. During the assembly, more than 150 countries passed a United Nations

³Bo Yan, “Huanjing anquan yanjiu de meiguo xuepai: dui wenxian de shuping” [The American School in Environmental Security Studies: A Literature Review], *Guoji guancha* [International Review], No. 4, 2003.

⁴According to Lou Qinghong, U.S. environmental diplomacy has experienced three stages, rising stage (1972–1980), stagnant stage (1981–1992) and reviving stage (1993 to now). See Lou Qinghong, “Meiguo huanjing waijiao de sange fazhan jieduan” [Three Developmental Stages in American Environmental Diplomacy], *Shehui kexue* [Social Sciences], No. 10, 1997.

⁵In 1978, James Schlesinger, the first secretary of U.S. Department of Energy took a delegation of 16 technical experts to visit China. Because the two countries had not formal diplomatic relations yet, no official agreement was signed.

Framework Convention on Climate Change(hereafter the Convention)⁶ Since then, reports and research literature on environment and climate have mushroomed within governmental and academic circles in signatory states. In the United State, apart from academic research projects on environment, energy and nature protection conducted from the perspectives of sciences and humanities, some think tanks entered this sphere under the request of American government in general and some relevant administration departments in particular. The main causes for this developmental trend are several. First, the signature of the Convention made the United States realize that the industries of environmental protection in the post-Cold War times are a new point in economic growth, and green consumption would represent the developmental trend in modern consumer society. Second, the United States could seek its leadership in the world environmental affairs through advancing environmental protection, establishing a mechanism of international environmental security under American initiative to serve that country's general strategy for national development. Third, G-7 and G-8 groups had advanced their role in global governance. And the United States had actively participated in their research projects on environmental governance. Because of the swift development of globalization in the post-Cold War world, environment has depleted seriously. Disappeared forests, overused underground water resource, and unlimited consumption of energy have led to global warming. Therefore, environment protection and halting of climate change have become the most important issue in global governance. During this stage, because of previous political turmoil, the honeymoon of China-US relations interrupted suddenly, and the bilateral relations had fallen to the lowest point since 1979. The argument of "China collapse" first spread over in the United States, followed by "China threat," which started from the perception of military threat, and was extended to economic, cultural and environmental threats. During this stage, studies on environmental and energy issues in the United States carried a very strong ideological color and eventually led to the argument of "China threat" to environment. Under this ideological guidance, many research paper and report analyzed and reported negatively China's environmental worsening and unlimited energy exhaustion.

3. Stage with specific projects and public attention (2001–). The signatories of the Convention convened their third assembly in Kyoto, Japan in 1997 and passed the famous Kyoto Protocol, which specified categories of greenhouse gas emissions for reduction in developed countries, as well as a timetable and quota

⁶The final goal of the Convention is to maintain the percentage of greenhouse gas in the air within certain level that will not damage the global climate system. This is the first convention in the world to comprehensively control the emissions of carbon dioxide and other greenhouse gas, in responding to the negative impacts of global warming on economic and social life of mankind. It is also a first basic framework for international cooperation on climate change. More than 190 countries have so far approved the Convention.

of reduction before 2012.⁷ In December 2007, the signatories of the Convention convened their 13th assembly in Bali, Indonesia, passed the Bali Island Roadmap and initiated a negotiation process to strengthen the comprehensive enforcement of the Convention and the Kyoto Protocol. The goal was to urge the negotiations on new arrangement responding to global climate change and sign relevant agreements by the end of 2009, as committed by the Kyoto Protocol for its period of reduction prior to 2012. However, the Bush administration declared during the president's first year in office that the United States would not implement the Kyoto Protocol. The reason was it might damage American economy and unjustly relieve China of its obligations. During this stage, many American environmental protection organizations and media concerned contributed to reportage and criticism of global environmental pollution and climate warming, transforming the original academic and specialized research literature on environment and energy into popular-oriented texts readable by the public and advancing comprehensively public consciousness of environmental protection. One American civil environmental organization claimed in 2006 that the Chinese government had taken away the future of Southeastern Asian countries, damaged their economy, facilitated the growth of corruption and threatened the existence of world forest resources by importing massive illegally-cutting woods from those countries.⁸ Famous newspapers in the United States, such as *The Christian Science Monitor*, *New York Times* and *Washington Post*, have all joined such reportage and criticism of environmental damage resulted from Chinese swift economic developments. The web of *The Christian Science Monitor* issued a report in 2008 titled "China's Pollution Nightmare Is Now Everyone's Pollution Nightmare," criticizing China for the following things. First, China's rapid economic expansion had led to desertification of its territory by one quarter. Second, the acid rain caused by the gas of SO₂ released by China had spoiled the air quality of South Korea, Japan and even the United States. Third, the unprocessed sewage and toxic heavy metals resulted from industrial production had polluted soil, the underground water, rivers, and seas and let to poisoning and death of mankind, animals, fishes and other marine organisms. Fourth, emission of carbon dioxide and misbalance of ecology system had caused climate change and water resource shortage. Fifth, the expansion of China's auto industries without any order had had excess demand for energy.⁹ In this stage, reports on and academic discussions of China's environmental pollution and energy consumption are always closely

⁷The Kyoto Protocol became effective in 2005. According to this protocol, the main industrial countries should reduce the emissions of greenhouse gas by 5.2% at average from their 1990 basis during the period of 2008 and 2012. More than 170 countries so far have approved this protocol.

⁸Quoted from Shi Hui, "Lun xiao Bush zhizheng shiqi meiguode huanjing waijiao" [On US Environmental Diplomacy during the George W. Bush Administration], *Qianyan* [Frontier], No. 10, 2007.

⁹See "An American newspaper said China's environment pollution would bring about a great disaster to global society and ecology system," *Cankao xiaoxi* (Reference News), March 28, 2008.

related the rising of global temperature, the former being regarded as the cause of the latter. In particular, under the guidance of the mass media, the American public develops a view of “peace dividend”—to prevent continuous global environment deteriorating and cultivate an environment of ecology security according to the American concept to safely share such dividend. In this stage, China’s economic development model with a high-speed growth is regarded as the main variable that might cause global changes in environment, energy, and climate. The Chinese model has become the main theme of deep concern, criticism, and opposition of the American government, academia, think tanks, and the mass media. This resulted in three schools of ideas and people on China’s environment issue among American political and academic circles: worriers, pushers and cooperators, bring the thesis of China’s environmental threat further into the 21st century.¹⁰

5.2 Main Think Tanks and Ideas

5.2.1 Main Think Tanks

In the stage of U.S. strategy construction and policy consultation, debate and making regarding China’s environment and energy issue, American president, departments of state, defense and energy, National Intelligence Committee, and think tanks have all played an active and important role. In the United States, think tanks involving studies on China’s energy and environment issues include the Asian Foundation, the Atlantic Council, the Wilson Center, the Brookings, the Asia-Pacific Center for Security Studies, the Carnegie, the SAIS at the Johns Hopkins University, the Heritage Foundation, and some new comers like the Center for a New American Security and the Pew Center.¹¹ These think tanks and public opinions survey centers involve and guide the debate of U.S. policymaking on

¹⁰The school of worriers argues that American misperception of China and the resulted harsh policy toward it will lead to worsening of the bilateral relations. The school of pushers argues that the United States must take a hard attitude and position on the issues of carbon emissions and transfer of high-tech of energy. The school of cooperators thinks that the United States should conduct appropriate tech-cooperation programs with China. Within this school, Michigan University professor and former Senior Director for Asian-Pacific Affairs of U.S. National Security Council Kenneth Lieberthal is the leading figure. See details in this chapter for discussing the three schools.

¹¹The Pew Research Center is an independent institute for public opinions survey, with its headquarters in Washington, DC. It informs the public about the issues, attitudes and trends shaping America and the world by providing information and data. Funded by the Pew Charitable Trusts, the center is a non-advocacy institute. The Pew Charitable Trusts funds both non-advocacy projects and initiative projects. Its works focus on the following six projects: (1) global attitudes and trends, (2) the public and the media, (3) U.S. politics and policy, (4) the Internet and American life, (5) Religion and public life, and (6) Hispanic trends.

China's environmental and energy issues mainly through undertaking research projects assigned by the government or contracted with big enterprises, writing working reports, having testimony before Congress, convening academic seminars, publishing research papers, accepting media interviewed, and publicizing public opinion surveys.

5.2.1.1 Brookings Institution

Within the Brookings, both John Thornton China Center and several research projects (energy, environment and social development) under the Center for Northeastern Asian Studies have studied China's environment and energy. John Thornton, Chairman of Brookings Board of Trustees and former president of Goldman Sachs, donated a huge fund to the China Center. Former Senior Director of Asian-Pacific Affairs of U.S. National Security Council Jeffrey Bader once served as director of the center (2005–2009), followed by Kenneth Lieberthal and Cheng Li. John Thornton himself is a guest professor of Tsinghua University for its EMBA course on global leadership. This created a precedent for an American think tanks board chairman to teach in China. The Center has three special features. The first is its policy orientation. The center is not purely academic, but with policy orientation, targeting at specific issues with a strong significance in the real life. The second is its farsighted perspective. The Center aims at the long-term topic, including Chinese leadership, youth, middle class, and medical care insurance. It also takes a humble profile in analyzing China's rapid growth and future development. The third is the global perspective. The center emphasizes that its studies should go beyond U.S.-China relations and pay attention to global concerns and outlook, to serve the whole world. Kenneth Lieberthal has devoted himself in recent years to studies of Chinese environment and energy. His several reports on Chinese clean energy is a must-read on the desk of U.S. Department of Energy as well as other departments in making American policy on China's energy and environment issues.¹² Another expert on Chinese energy in the center Erica Downs has had an analysis in details of the energy issue in U.S.-China relations.¹³ As Downs put it in an article titled "How Oil Fuels Sino-U.S. Fires," "the real conflict brewing between

¹²In January 2009, the John Thornton Center of Brookings published a report titled *Overcoming Obstacles to U.S.-China Cooperation on Climate Change* co-authored by Kenneth Lieberthal and senior fellow David Sandalow. This report objectively analyzes the two countries' different perceptions and ideas on their cooperation on environment, climate and energy, as well as the lack of information communication between them. It makes five recommendations to the American and Chinese governments: (1) understand domestic conditions in the other country, (2) appreciate the priorities and constraints of the other country, (3) take action to control greenhouse gas emissions at home, (4) develop specific avenues of bilateral cooperation, and (5) facilitate agreement in mutual negotiations on these topics.

¹³Erica Downs' research areas are Chinese energy, foreign policy and relations between Chinese government and private energy institutions. She served as an energy analyst at the Central Intelligence Agency. From March 2006 on, she has devoted herself to studying Chinese energy

the two powers (China and the United States) isn't because of direct competition for physical barrels of crude, but rather because oil is inextricably linked to other foreign policy issues on which Beijing and Washington don't see eye to eye." Downs listed two examples of the failed China-U.S. cooperation: stopping genocide in Darfur, Sudan and curbing Iran's nuclear ambitions. As he suggested: "The best bet for the U.S. is to encourage China to act like the responsible emerging power it claims to be." "As China's global influence continues to grow, the international community will expect China to back up its words with actions."¹⁴ In fact, as a think tank tilted toward Democrats, the Brookings always takes positive and optimistic attitudes on China-U.S. cooperation on environment.

5.2.1.2 Carnegie Endowment for International Peace

Unlike other think tanks, the Carnegie has a Chinese website, Carnegie Chinanet, which opened in September 2004. Its aims are to comprehensively introduce the Endowment's research products, including books and journals published, activities, and other information resource to increase China-US academic exchanges and mutual understanding in the sphere of international politics and public policy. The Carnegie has a bigger China studies project than most American think tanks, aiming to promote China's domestic reform and development, and improve China-U.S. relations. The China Project has since 2001 published more than 200 books, papers, policy briefings, and working reports, convened more than 100 academic seminars or conferences on Chinese affairs.¹⁵ The Carnegie's Project on China-U.S. Cooperation on Energy and Climate published 35 papers on U.S.-China energy relations, China's energy situation and corresponding policy from July 2005 to October 2011.¹⁶ The China Project publishes *Carnegie China Insight Monthly*, aimed at providing objective and deep analysis and thoughts on contemporary China and international issues.¹⁷ In addition, after the Carnegie set up its Beijing Office in 2004, it established in 2005 a cooperative project on globalization and international relations with one think tank in China, the China Reform Forum. The goal is to promote studies on the impact of globalization on foreign policy and

(Footnote 13 continued)

policy and written a lot of working reports. For details, see <http://www.brookingsu/experts/downse.aspx>.

¹⁴Erica Downs, "How Oil Fuels Sino-U.S. Fires," *Business Weekly*, September 4, 2008, <http://yueyang.mofcom.gov.cn/aarticle/subject/hgjj/gdshj/200608/20060803031432.html>.

¹⁵"China Publications and Resources," <http://www.carnegieendowment.org/about/pdfs/beijing.pdf>.

¹⁶According to the articles listed on the website of the Carnegie Endowment for International Peace. For details, see <http://www.carnegieendowment.org/publications/index.cfm?fa=viewTopic&topic=431&pageOn=2>.

¹⁷*Carnegie China Insight Monthly* was first issued in January 2005, published by the Carnegie Endowment for International Peace, with Lu Yong as its editor-in-chief.

academic exchanges between China and the United States. In 2006, the Carnegie initiated another research project in Beijing on China's environment policy, mainly focusing on three areas: (1) standardize the index of China's environment pollution; (2) adopt environmental protection technology in economic development; (3) introduce into China the best environmental protection measures. Such a deep research approach targeting one specific country has provided a first-hand information and data for American policymaking circle. Therefore, the research products of the Carnegie's China project have an indispensable influence on U.S. China policy. In 2007, the Carnegie initiated U.S.-China Climate Cooperative Project, striving to reduce greenhouse gas emissions in China and the United States, lowering the disastrous index due to climate change, and drawing agreement framework for bilateral cooperation.

The Carnegie's Project on China-U.S. Cooperation on Energy and Climate has a research team consisting of senior associate and project director William Chandler, an energy expert, and another expert on US-China relations and international security, Michael Swaine, as well as Chinese energy expert Zhou Dadi, a research fellow of Institute of Energy Studies of Chinese National Development and Reform Committee.¹⁸ In his book, *America's Challenge: Engage a Rising China in the Twenty-First Century* (2011), Swaine comprehensively elaborated that the rapid rising China will post a challenge to international political, economic, and military forces dominated by the United State. In a conceivable future, China will neither become irreconcilable enemy nor a close friend of the United States. U.S. China policy will continue to be a combination of cooperative engagement and hedging. Immediately after publication, this book was regarded as a must-read of American policymakers.¹⁹ Another energy expert who supports pressing China while cooperating with it is William Chandler. Chandler is a leading expert on China's energy issue. His reports and articles on Chinese energy are the main references and supporting evidence for American government and private enterprises in their policies of adjusting energy cooperation with China and pressing China with countermeasures. On December 6, 2007, William Chandler published a report titled

¹⁸William Chandler is the main expert on energy and climate in the Carnegie. Sitting in his office in Washington, DC, he led the Carnegie's work in this sphere and cooperated closely with Carnegie's offices in Moscow, Beijing, Brussels, and Beirut on projects. Before joining the Carnegie, Chandler had been working in the sphere of energy and environmental policy for 35 years. He was the president of Transition Energy and the co-founder of DEED Ltd., a private company investing in China for energy efficiency. He is also the founder and former head of the Advanced International Studies at the Joint Global Change Research Institute. He worked at Pacific Northwest National Laboratory as senior scientist and laboratory research fellow. He has taught energy, environment, and international relations as an adjunct professor of international policy at the Johns Hopkins School of Advanced International Studies. He worked in the small group for international energy at U.S. President's Committee of Advisors on Science and Technology. He is the main contributor for the report of United Nations Intergovernmental Working Group for Climate Change.

¹⁹Michael Swaine, *America's Challenge: Engage a Rising China in the Twenty-First Century* (Washington, DC: Carnegie Endowment for International Peace, 2011).

Financing Energy Efficiency in China, which provided a deep analysis of how to improve and advance energy efficiency and finance it by pointing out five problems, including lack of clean energy capital, lack of developmental mechanism for clean energy, restrictions on foreign equity investments, restrictions on debt financing, and the existence of confiscatory tax policy. According to Chandler, “Many Chinese policies and practices work at odds with the stated goals and intentions of China’s highest-level policy makers.” As this abnormal phenomenon suggests, “a gap separates objectives set by the national government and implementation of them by provincial and local government leaders.” In the end of the report, Chandler put forward six policy recommendations as priorities for China to develop clean energy. They are (1) exempt clean energy investments from foreign exchange, foreign-invested enterprise, and industrial policy controls, (2) provide value-added tax (VAT) and income tax holidays or exemptions for clean energy companies and services, (3) shift Clean Development Mechanism (CDM) from payment-on-delivery to payment-as-investment,²⁰ (4) make it worthwhile for banks to do risk-based clean energy lending, (5) replicate the successful experience of the international financial companies in providing loan guarantees for energy-efficiency projects in China, and (6) reduce the paperwork necessary to make clean energy investments in China.²¹ Because of the farsighted perspective of the China Project and William Chundler’s senior academic background and personal influence, the Carnegie has become a main think tank for American carrot and stick policy toward China.

5.2.1.3 Woodrow Wilson International Center for Scholars

The Woodrow Wilson Center set up a China Environment Forum in 1997. Its mission is to “bring together U.S., Chinese, and other environmental policy experts to explore the most imperative environmental and sustainable development issues in China and to examine opportunities for business, governmental, and nongovernmental communities to collaboratively address these issues.”²² Jenifer Turner is the

²⁰The Clean Development Mechanism (CDM) is the only flexible mechanism including developing countries under the *Kyoto Protocol*, which has a quantified standard for limiting greenhouse gas emissions for developed countries included in Annex I. As some developed countries have difficulties in satisfying the standard, either because they do not want to reduce the living standard by reducing energy consumption or because of the glass ceiling of energy reduction technology, the CDM allows them to assist its emissions reduction projects in developing countries as part of their emissions reduction commitments in home. The CDM supervised by its Executive Board in Bonn, Germany. If a project is registered and implemented, the EB issues credits, called Certified Emissions Reductions (CERs), commonly known as carbon credits, where each unit is equivalent to the reduction of one metric tone of CO₂ or its equivalent. For details, see https://en.wikipedia.org/wiki/Clean_Development_Mechanism.

²¹William Chandler, “Financing Energy Efficiency in China,” http://carnegieendowment.org/files/chandler_clean_energy_final.pdf, accessed on July 8, 2016.

²²“Our Mission,” http://www.wilsoncenter.org/topics/docs/activities_chinese_09.pdf.

director of the Forum, who has devoted herself to studies of China's environment and energy for a long time. With proficient Chinese language skill, she holds a Ph.D. in public policy and comparative politics from Indiana University, Bloomington, in 1997. Her dissertation examined local government innovation in implementing water policies in China titled *Authority Flowing Downward?—Local Government Entrepreneurship in the Chinese Water Sector*. She also serves as editor of the Wilson Center's journal, *The China Environment Series*, published several dozens of articles on China's environmental issue, such as "China's Growing Ecological Footprint" (2007), "China's Filthiest Export" (2007), "Building a Green Civil Society in China" (2006), "Cultivating Environmental NGO-Business Partnerships in China" (2003). Under her leadership, the Forum selects its main research subjects such as environmental nongovernmental organizations in great China area, China's high efficient and renewable energy, shortage of China's water resource, environment and health, and environmental governance.

5.2.1.4 Heritage Foundation

The Heritage Foundation is always famous as a conservative think tank and the origin of American Hawkish thought. The watchwords of its Energy and Environment Program are "American energy, security and employment."²³ From June 1977 to August 2011, this program have published 304 research reports, literature reviews or short commentaries on China's energy and environment, mainly around the issue that China's extremely high demand for oil and the resultant high carbon emissions will necessarily lead to global oil crisis and warming, and eventually damage American security as well as the increase of unemployed. This think tank commands a strategic height of comprehensively outputting the argument of "China threat."²⁴

5.2.1.5 The Johns Hopkins School of Advanced International Studies

The School of Advanced International Studies (SAIS) has two subordinate institutions related to environmental issue.²⁵ One is Global Energy and Environment Institute (GEEI), and another is International Energy and Environment Program

²³"Objectives," <http://www.heritage.org/LeadershipForAmerica/energy-and-environment.cfm>.

²⁴On how does the Heritage Foundation output the argument of "China threat," please see Hao Qian, "Meiguo chuantong jijinhui yu zhongguo weixie lun" [U.S. Heritage Foundation and the Argument of 'China Threat'], *Guoji luntan* [International Forum], June 2006. For statistical data here, see <http://www.heritage.org/search?query=publications+about+CHina+energy+and+environment>.

²⁵Unlike most of the think tanks, the SAIS has obligations for both teaching graduate students and research as a think tank. Some scholars of the school have entered the policymaking circle of American government, such as Paul Wolfowitz and Francis Fukuyama.

(IEEP). GEEI deals with important issues on global energy and environment mainly through qualitative studies, discussion and publications. Its activities are divided into three parts: (1) original studies of top scholars, aimed mainly to interest-invested projects concerned by the industrial, academic and political circles; (2) policy recommendations and dialogues of the research group of experts over the selected issues; and (3) periodical seminars and academic conferences around issues of current interest.²⁶ The IEEP is under Foreign Policy Institute and aimed to provide teaching and research assistance to work on energy market and policy, international energy security, and the impact of energy usage on environment. It convenes monthly seminars and annual conferences on energy to provide forums and periodical meetings for energy experts from political, industrial and academic circles, discussing the trend of energy market as well as energy and environmental policies. Each year, one or several Ph.D. students are affiliated with the IEEP to write their dissertations. During April 6 and 7, 2010, the SAIS and US Energy Information Administration (EIA) co-sponsored the “2010 Energy Conference: Short-Term Stresses and Long-Term Change, with participating experts coming from the academic circle, functional departments of the government, energy departments, non-profit organizations. Secretary of Energy Department Steven Chu and National Economic Council (NEC) Director Lawrence Summers delivered keynote speeches. The conference discussed, respectively, the following issues: (1) U.S. policy of climate change and the post-Copenhagen policy (2) biofuel, continuous industrial transformation and long-term outlook, (3) outlook of National Economic Council’s energy spotlights in 2010, (4) energy price in a short term and the main motivations (5) energy, economy, and energy products adjustment, (6) natural gas and American market under globalization,” (7) factors impact on electricity supply, (8) energy efficiency, outcome measurement, and quantification of opportunities, and (9) energy and water. The SAIS has long taken a balanced position between conservative and liberal perspectives in teaching and research, it has therefore become a think tank that both the Republicans and Democrats eager to consult with.

5.2.1.6 The Asia Foundation

The Asia Foundation has the greatest number of China projects among many think tanks. From 2007 to 2010, it has 28 research projects on China’s environment: three in 2007, six in 2008, eight in 2009 and eleven in 2010.²⁷ In terms of ideological orientation, the Asia Foundation belongs to liberal think tanks. Its projects on China’s environment and energy focus on the following topics: (1) How to help China to establish civil organizations of environmental protection and spread over

²⁶“Global Energy and Environment Initiative,” <http://www.sais-jhu.edu/centers/geei/index.htm>.

²⁷“The Asia Foundation –Projects,” <http://asiafoundation.org/project/projectsearch.php?country=china&programLimit=5&year=#>.

the consciousness of environmental protection, (2) how to make a complete environmental protection law in China, (3) how to develop an Asian outlook in China and cultivate public consciousness of products on clean water resource, (4) to provide China continuously theoretic evidence supported by environment technology, and (5) heavy metal pollution of the soil in Zhuhai and environmental protection in the Foshan-Nanhai area.²⁸ All of the 28 projects above belong to the practical research subjects, and therefore have aroused great attention of social elites and policymakers in China and the United States.

5.2.1.7 The RAND Corporation

The RAND takes “objective analysis and effective resolution” as its research aim and idea, making it a think tank of “ivy league,” as opposed to many others. Rand has a long history of studying environment, but its focus is environmental policy and specific measures. The goal of Rand is to find a balance among environmental protection, economic development, and social demands. Therefore, its research reports and texts have aroused attentions of policymakers, entrepreneurs, and social groups in developed countries as well as attentions of developing countries. Its study of China’s environment is unique, subjecting China’s environment to a broader background of global economic development and social demand in general. In a macro way, this study resolves the structural problems of China’s environment and energy amid globalization. Hence, Rand’s studies often become the “idea broker” for American policymakers for their global energy strategy.

Some other think tanks also have programs related to China’s environmental issues. The Project of Economy, Energy and Environment at the Atlantic Council runs a subproject of cooperating with China, India and Japan to advance the cleansing of air in China and India, improve the two countries’ energy policy, and increase the degree of air purification, with research reports as the major products. Its report on China’s environment and energy that carries policy influence is “China’s Usage of Energy and Environmental Pollution.” In addition, as a think tank, Asia-Pacific Center for Security Studies is actually subjected to the Department of Defense, accountable directly to United States Pacific Command. The Center sets up an Institute for Security Studies. It published a monograph on energy and food securities in Asian-Pacific region that has direct influence on policymaking departments of the United States. The Energy and Climate Change Program at the CSIS has three subprograms, including regional issues in Asia, energy and national security, and global challenge, focusing on deep studies on energy security in the Asian-Pacific region, climate change and the crisis of humanism, respectively. One special feature of its studies on China’s environment and energy is to put Chinese case under the background of the Asian-Pacific region

²⁸“The Asia Foundation—Projects,”<http://asiafoundation.org/project/projectsearch.php?program=environment&country=&countryLimit=4&program>.

to provide policy consultations for studies on U.S. energy security policy in that region. Finally, Project of Energy and Environment at the American Enterprise Institute devotes itself to policy studies, focusing on promoting policy on protecting nature and advancing economic development. The scope of its policy studies includes environment policy and regulations, energy policy and climate change.

5.2.2 *Main Ideas*

5.2.2.1 The “Cooperators”

The school of cooperators believes that the United States should conduct appropriate tech-cooperation programs with China, including providing clear energy technologies and adopting differential and appropriate treatment of China’s carbon emissions. In outputting the idea of cooperation, the Brookings with the reputation of the first think tank of Democrats, serve as a flagship. Its long time efforts in China studies and possession of several China experts in the capital city have won the favor of American policymakers and Congress representatives. In China-US environmental and energy dialogues, the Brookings’ Thornton Center is the important platform of promoting the U.S. government to have a cooperative dialogue with the Chinese government on environment and energy. The Tsinghua-Brookings Center for Public Policy initiated by Tsinghua University and the Brookings Institution in 2006 is the platform to promote China to dialogue with the United States in the energy and environmental issues. Among many scholars in the Thornton Center, former Michigan University professor of political science and Senior Director for Asian-Pacific Affairs of National Security Council Kenneth Lieberthal played a leading role within the cooperative thinkers. His discourse in a series of paper, working reports, and congressional testimonies on U.S.-China cooperation in clean energy, responding to challenges and opportunities in climate change and overcoming difficulties in this regard have all attracted great attention among top leaders in the two countries. On June 4, 2009, Lieberthal gave a testimony titled “Challenges and Opportunities for U.S.-China Cooperation on Climate Change” before U.S. Senate Foreign Affairs Committee. According to him, “China’s rate of growth of carbon emissions, especially since 2002, has been extremely steep, and pollution problems in China are rightly viewed as very sobering. Most Americans seem to believe that China is therefore ignoring its carbon emissions while pursuing all-out economic growth. But the reality is that the leaders in Beijing have adopted serious measures to bring growth in carbon emissions under control, even as they try to maintain rapid overall expansion of GDP. To engage effectively with the Chinese and achieve the best outcomes on carbon emissions with them, it is important to have a realistic understanding both of the reasons their emissions are growing so rapidly and of the types of efforts they

are making. It is critical that the US and China find ways to work as effectively as possible to reduce overall greenhouse gas emissions, and this requires reality-based approaches by each side toward the other.”

In the testimony, Lieberthal discussed the increasing demand for China-U.S. cooperation in climate change and explained why cooperation was in favor of the two countries’ interest. Lieberthal argued that one important step is for the United States to have a pragmatic understanding of the causes of China’s rapid increase in greenhouse gas emissions. He also proposed several recommendations for the two countries in the future as follows. (1) “There are numerous areas in which US-China cooperation on clean energy can be in both our interests. We have many complementary capabilities;” (2) “At Copenhagen, China should be pushed hard to accept targets for greenhouse gas emissions that require major efforts to achieve;” and (3) “The United States and China should work to develop a major clean energy partnership. Achieving such a partnership will provide new momentum to the Copenhagen effort ... But a US-China clean energy partnership and the Copenhagen effort should be developed separately, as the negotiating framework for the latter is far more complicated than that for the former. Close linkage, therefore, may complicate both issues.”²⁹

Another advocate of China-US cooperation in environment and energy is abovementioned Jennifer Turner, director of Woodrow Wilson Center China Environment Forum. Turner not only participated in fieldwork on China’s environment and wrote a lot of reports on feasibility of U.S.-China cooperation, but also took opportunities of congressional testimonies to demonstrate its win-win prospect. On April 8, 2010, Turner participated in a testimony of U.S. China Economic and Security Review Commission on “China’s Clean Energy and Environmental Policy.” This testimony aimed to review China’s clean energy policy in home and abroad, and the potential cooperation in environment and clean energy between China and the United States. During the testimony, Turner demonstrated the feasibility of U.S.-China cooperation with mutual benefits on clean energy based on her 11 years working experience in leading the China Environment Forum as well as various organizational exchanges and cooperative projects she hosted between the two countries. For example, Turner used the case of her participation in China’s three-year construction project dealing with major lakes pollutions with the assistance of U.S. Agency for International Development to make the case. She also offered personal opinions on China’s domestic and international clean energy policy and potential cooperation between the two countries in environment and clean energy technology. Turner once taught in Kunming Engineering College and Changsha Zhongnan Engineering University and therefore understood Chinese actual situation very well. This results in her insistence on the ideas of U.S.-China cooperation when she leads her research group to actively participate in various cooperation projects in practice.

²⁹Kenneth Lieberthal, “Challenges and Opportunities for U.S.-China Cooperation on Climate Change,” <http://www.brookings.edu/research/testimony/2009/06/04-china-lieberthal>.

5.2.2.2 Worriers

The school of worriers argue that because of the non-transparency of China's energy policy and lack of law enforcement, as well as conceptual difference between the United States and China on energy and environmental security, American misperception of China and the resulted harsh policy toward it will lead to worsening of the bilateral relations, therefore eventually influence negatively American economy and China's extra-institutional behavior of disorder. Sometimes they move to agree with the pushers to exert necessary pressure on China's rapid development, in order to prevent China from opposing the United States and thus becoming a threat to American security in reality. Sometimes, however, they support cooperators, hope to guild China into the international regime dominated by the United States, constraining China with regulations and ensuring China's development on the "normal track" preset by Washington so as to guarantee American national security and interest. Therefor, they advocate a China policy with stick on one hand and carrot on the other hand.

On December 6, 2007, the abovementioned William Chandler, director of the Carnegie Energy and Climate Program, an important promoter for US-China track-II dialogue on climate and energy expert, published a report titled *Financing Energy Efficiency in China*.³⁰ In the report, Chandler provides a comprehensive analysis of China's clean energy capital, restrictions on foreign equity investments, restrictions on debt financing, existence of confiscatory tax policy, and the rule guiding developmental mechanism for clean energy and proposed six recommendations as policy priorities. In the end, Chandler concludes, "Chinese leadership has shown courage in taking stands to set tough goals for sustainable energy development. That makes it all the more frustrating that misguided policies, which make achieving clean energy development ever more costly and difficult, remain in place."³¹ Later, Chandler published a report in the Carnegie's Policy Outlook in March 2008 titled *Breaking the Suicide Pact: U.S.-China Cooperation on Climate Change*. In the report, he argued that the United States and China are locked in a "suicide pact" toward "a global climate agreement": "each refuses to act before the other." It is extremely important for them to cooperate on climate in order to reverse the disaster climate. Current energy departments of the two countries have provided a resolution. "China and the United States could cooperate to set individual, national goals and then work together to achieve them through domestically enforceable measures and international agreements." "If this U.S.-China policy

³⁰Track-II dialogue refers to multiple dialogue and exchange between nonofficial figures (including scholars, retired officials, public figures, and social activists) and nongovernmental organizations. Track-II dialogues often have different degree of influence on policymakers.

³¹William Chandler, "Financing Energy Efficiency in China," http://carnegieendowment.org/files/chandler_clean_energy_final.pdf.

experiment works, it could be replicated in other countries, notably India. China and the United States could develop packages of policies and measures, test them for efficacy, correct them, and share them.”³²

On May 28, 2009, Chandler published a commentary on the web of Carnegie Endowment for International Peace titled “A Guide to U.S.-China Climate Cooperation,” discussing the prospect of their cooperation. He first pointed out, “China should focus on the policy changes that matter most,” including (1) encouraging investment in more efficient industry; (2) easing foreign exchange restrictions and providing tax holidays for clean energy companies and services; and (3) making it easier for Chinese banks to do risk-based lending for clean energy projects. He then argued that the United States could do something specific to help China realize its ambitious goals. According to him, “We should recognize that China has already made significant efforts to reduce emissions growth. China’s energy efficiency effort, including shutting down many inefficient factories and power plants, is without precedent in the world. Yet we can ask China to take further action—not necessarily to cap their emissions, but to set an ambitious emissions target, and to impose enforceable policies to achieve the goal. For example, we could ask the Chinese government to require stronger standards on industrial energy use, automobile fuel economy, and reforestation.” The United States could help China to build human capacity. “We should also increase financial support for clean technology, and encourage China to do the same.”³³

The idea of worrying about China is fully reflected in a report issued by the Center for a New American Security in September 2009. This report titled *China’s Arrival: A Strategic Framework for a Global Relationship* was contributed by a number of elites in the academic circle and the American government.³⁴ In particular, Princeton University professor of political science John Ikenberry proposed that the United States should take a “binding strategy” to “embed” China to regional multilateral institutions and therefore constrain a rising China in his paper titled “Asian Regionalism and the Future of U.S. Strategic Engagement with China.”³⁵

³²William Chandler, “Breaking the Suicide Pact: U.S.–China Cooperation on Climate Change,” http://carnegieendowment.org/files/pb57_chandler_final2.pdf.

³³William Chandler, “A Guide to U.S.-China Climate Cooperation,” <http://carnegieendowment.org/2009/05/26/guide-to-u.s.-china-climate-cooperation-pub-23166>.

³⁴Abraham Denmark and Nirav Patel, eds., *China’s Arrival: A Strategic Framework for a Global Relationship*, http://www.cnas.org/sites/default/files/publications-pdf/CNAS%20China%27s%20Arrival_Final%20Report.pdf.

³⁵John Ikenberry is a professor of politics and international Affairs in the Woodrow Wilson School of Public and International Affairs at Princeton University. He obtained his Ph.D. in political science from the University of Chicago in 1985. He was a professor at the Edmund A. Walsh School of Foreign Service at Georgetown University and senior associate at the Carnegie Endowment for International Peace. His works include *Reasons of State: Oil Politics and the Capacities of American Government* (Ithaca, NY: Cornell University Press, 1988), *After Victory: Institutions, Strategic Restraint, and the Rebuilding of Order after Major Wars* (Princeton, NJ: Princeton University Press, 2001), *State Power and World Markets: The International Political Economy* (New York: W.W. Norton & Company, 2002), and *America Unrivaled: The Future of*

According to him, “China is a formidable and potentially troubling specter: 1.3 billion people, nuclear weapons, 9% economic growth, a robust nationalist spirit, and expanding regional aspirations.”³⁶ Therefore, the United States should follow the following policies. “First, the United States does not need to “choose” between bilateral alliances and regional cooperation.” Second, the United States takes an active role in working on the development of regional cooperation that includes China and improves its own strategic position. Third, “it is in America’s interest to find ways to embed China in regional political, economic, and security groupings ... A China that is excluded and disconnected is a more worrisome state than if it is operating inside a variety of regional institutions.”³⁷ Ikenberry has a reputation of great strategist in the academic circle, and his thought is highly regarded by policymakers in the White House.

5.2.2.3 Pushers

The school of pushers consists of the “hawks” among the American government. They maintain a strong ideology of the Cold War, believing that energy and environmental policies under the Chinese Communist Party’s autocracy will necessarily damage U.S. strategic interest. The United States therefore must take a hard attitude and position on the issues of carbon emissions and transfer of high-tech of energy.

During the Clinton and Bush administrations, the Heritage Foundation, famous for conservative ideas and advocating the “China threat” without any reservation, insisted on its long tough position on energy and environmental issues and asked to limit technology export to China. Its Energy and Environment Program began studies on the issue from the global perspective in 1977 and has published many research reports. The first report on China’s energy and environment titled *Chinese Oil: Problems and Prospects* published on January 22, 1979, within the first month of the establishment of China-U.S. diplomatic relations. According to this report, “In the long run, the most troubling potential outgrowth of Chinese oil diplomacy from Washington’s perspective would be the foreign policy/ national security implications of growing Japanese dependence on Chinese oil.”³⁸ As for China-U.S. strategic dialogue started in 2005 and China-US strategic and economic dialogue

(Footnote 35 continued)

the Balance of Power (Ithaca, NY: Cornell University Press 2002), etc. As a scholar, he is famous as a great strategist.

³⁶G. John Ikenberry, “Asian Regionalism and the Future of U.S. Strategic Engagement with China,” in Abraham Denmark and Nirav Patel, eds., *China’s Arrival: A Strategic Framework for a Global Relationship*, p. 104; http://www.cnas.org/sites/default/files/publications-pdf/CNAS%20China%27s%20Arrival_Final%20Report.pdf.

³⁷Ibid, pp. 106–107.

³⁸James A. Phillips, “*Chinese Oil: Problems and Prospects*,” *Backgrounder*, No. 72, January 22, 1979, <http://www.heritage.org/Research/EnergyandEnvironment/bg72.cfm>.

started in 2006 as well as the whole period of current dialogue, the Heritage Foundation has always participated actively in the discussion and debate of China's energy and environment issues.³⁹ In particular, Charli Coon, senior research fellow of the Energy and Environment Program provided many research reports, web articles and working papers. Coon argued in a series of articles that the Bush administration refused to implement the Kyoto Protocol was right, which does not subject China and India to the quota limits of carbon emissions. This was used by Coon as the original logic of his argument on the "unfairness" of the protocol and eventually became the major theoretic base for the United States' decision of not participating in the Kyoto Protocol.⁴⁰ According to a report titled *Mapping the Global Future* published by the U.S. National Intelligence Council (NIC) in 2004, Chinese and Indian rapid developments will lead to massive demands for energy, and may therefore leading an energy crisis in a global scale.⁴¹ The committee's special report (NIC2000-02) touches upon the issue of water resource, arguing that about half of the world population (over 30 billions) will live in countries with water as scarce and expensive resource, majorly in Africa, Middle East, South Asia and North China. In North China crop-producing areas, the underground water level is greatly decreasing.⁴² The thought origin of the NIC's perception of China coincides with the "China outlook" of the Heritage Foundation.

5.3 Think Tanks and China-U.S. Cooperation and Conflicts on Environment and Energy

From historical perspective, China-U.S. cooperation on environment and energy can be traced to the eve of the establishment of the two countries' diplomatic relations when China initiated reform and openness. In October 1978, U.S. Secretary of Energy James Rodney Schlesinger visited China and had a bilateral talk with Beijing on American participation on cooperative programs in China's coal production, and development of hydropower plant, renewable energy and nuclear energy. In January 1979, Chinese leader Deng Xiaoping and U.S. President Jimmy Carter signed a U.S.-China Agreement on Cooperation in Science and

³⁹The mechanism of "China-US strategic dialogue" started in August 2005. In November 2006, this dialogue extended into economic sphere and gradually evolved into the current mechanism of China-US strategic and economic dialogue. The first round of China-US strategic and economic dialogue was convened in July 27-28, 2009, Washington, DC. On big events of the dialogue since then, see <http://finance.sina.com.cn/world/gjji/20090727/01076529725.shtml>.

⁴⁰Details of Koon's series of articles can be found in other parts of this chapter.

⁴¹U.S. National Intelligence Council, "Rising China and India will counterbalance against the United States within 20 Years," <http://news.tom.com/1988/20050115-1763971.html>.

⁴²Zhang Shuguang and Zhou Jianming (editors and translators), *Yi junshi lilian mouqiu juehui anquan* [Seeking Absolute Security by Military Forces] (Beijing: National Defense University Press, 2003), p. 579.

Technology (the S&T Agreement) during Deng's American trips. Environmental protection, nuclear security, and energy efficiency were all listed in the items of the agreement, which was to be renewed every five years. Within the framework of cooperative agreement, the two governments have consecutively signed cooperative protocols or memorandum of understanding in more than 30 areas, including high-energy physics, space, environmental protection, and security of nuclear energy. In 1985, China and the United States signed a bilateral agreement at the ministerial level for "Cooperation in the Field of Fossil Energy Technology Development and Utilization," "A Protocol for Cooperation in the Field of Energy Efficiency and Renewable Energy Technology Developmental and Utilization," and "A Protocol for Cooperation in Energy Efficiency and Renewable Energy." In 2005, the issue of energy security was formally included in the first strategic dialogue between China and the United States. In July of the same year, Chinese and American governments held their first dialogue on energy policy in Washington, DC. The issues under discussion included clean energy, oil and natural gas, nuclear electricity, energy saving, and energy efficiency. In April 2007, the first *Sino-U.S. Energy Market Development and Risk Management* Symposium was held in Houston, Texas. During the symposium, the two countries' experts, scholars and representatives of oil enterprises proposed many policy recommendations on energy cooperation between China and the United States. In March 2008, following the initiative U.S. Senator Maria Cantwell,⁴³ U.S.-China Clean Energy Forum was set up. It was co-sponsored by eight institutions—including the National Development and Reform Commission on the Chinese side, and Washington State China Relation Council on the American side—coordinated majorly by China Institute of Strategy & Management as Chinese think tank and the Brookings Institution as American one. This forum is a mechanism for nongovernmental exchange and cooperation in the sphere of energy. Its aim is to explore the way of China-U.S. cooperation in clean energy, alternative energy, and environmental protection and raise policy recommendations for each government, respectively, through holding series of high-level seminars. In this way, it hopes to overcome obstacles in policy implementation and working mechanism, and promote healthy and mutual benefited cooperation on energy between China and the United States.

On environmental cooperation, U.S. Vice President Albert Gore visited China in March 1997 and the two countries agreed to include environmental cooperation on the agenda of their energy cooperation. In October of the same year, President Jiang Zemin visited the United States. The U.S.-China Joint Statement signed by both parties reassured strengthening cooperation in the sphere of environmental protection and energy. When President Clinton visited China in the following year, he repeated that the environmental policy of China—with one quarter of population in the world—would greatly impact our capability in resolving the dilemma. To protect or damage environment would decide developmental direction of the world

⁴³Maria Cantwell is one of 16 female senators in the United States. Currently, she serves as a member in Senate Energy Committee.

in the next century.⁴⁴ Later, China and the United States signed a Letter of Intent for Cooperation in urban air quality monitoring project. In January 2004, the U.S. Department of Energy (DOE) and China's Ministry of Science and Technology formally developed a "Protocol for Cooperation in Clean Energy Technologies for the 2008 Summer Olympic Games in Beijing." Both countries realized that cooperation is good for development. On June 18, 2008, President Hu Jintao's special representative and vice premier of the State Council Wang Qishan sign two documents with President Bush's special representative and U.S. Secretary of Treasury Henry Paulson. One is the U.S.-China Ten Year Framework for Cooperation on Energy and Environment (TYF), and another is the Eco-Partnerships program under the TYF. In June 2009, U.S. Special Envoy for Climate Change Todd Stern visited China. The two countries discussed the controversial principle of "common but different responsibility" for each and agreed to enhance their partnership on clean energy and climate change based on the principle. The two parties also agreed to establish a technology research and development center to promote cooperation, and set up in an earliest time a joint experts group for technological cooperation and transfer. From the U.S. position, China does not need to take the same action of developed countries, but China does need to take the important action. When talking about climate change, China should be part of the solution.⁴⁵

In addition to the abovementioned agreements or protocols signed by the two parties, China and the United States have sponsored various seminars, dialogues and forums, which have become a mechanism. In May 2000, American Society for Environmental Laws convened a seminar on American Environmental Diplomacy in the New Millennium. The consensus among the participants to the meeting is: The United States cannot completely resolve global environmental problem itself; however strong the country is, multilateral cooperation is necessary.⁴⁶ The important issues that the United States and China can cooperate include environment, global climate change, and energy security. In August 2005, under the common efforts of the two countries, China-U.S. strategic dialogue mechanism took shape. This mechanism played the function of conciliation, communication and good interaction in the two countries' possible conflict and cooperation in environment and energy issues in the following years. In 2006, Kenneth Lieberthal gave a speech on American Perspectives on the Peaceful Development of China at Barnett-Oksenberg Lecture on Sino-American Relations. According to him, China has not completely joined the multilateral system of international energy, while facing the same issue of distribution and quality of water resource amid swift

⁴⁴Zheng Yuan ed., *Clinton fanghua yanxing lu* [Clintons' Remarks when Visiting China] (Beijing: China Social Sciences Press, 1998), p. 36.

⁴⁵Zhang Ying, "Zhongmei jiang chengli qingjie nengyuan lianhe gongzuozu" [China and the United States Will Establish a Joint Working Group on Clean Energy], *Dongfang zaobao* [Oriental Morning Post], June 10, 2009, p. A15.

⁴⁶Zhong Bin, "Toushi meiguo huanjing waijiao de lichang" [An Observation on the U.S. Position in Environmental Diplomacy], <http://jtx.net.cn/cgi-bin/zwolf1/show.cgi?class=1&id=829>.

development. Therefore, the United States has reason to be concerned about the sustainability of the current economic developmental model in China.⁴⁷ Meanwhile, Lieberthal pointed out that China supports some oil producing countries with improper behavior because its huge demand for energy. Therefore, he thought it was unrealistic to exclude China from discussion of global energy during G-8 summit in Russia in 2006. China should have been invited to join the G-8 group.⁴⁸ Since then, environment, global warming, and carbon emissions have all become the central issue in global governance, evidenced by the Heiligendamm Process as well as meetings at Toyako, Hokkaido, and L'Aquila. As the biggest countries in carbon emissions in the world, how China and the United States compromise and cooperation on the issue has become the global focus for the first time.

The key issue in China-US cooperation on environment and energy is political but not technical one. On China's energy issue, American political and academic circles lack trust due to their misreading and misperception of the Chinese information and the two countries' difference in the idea of energy security. The mainstream perspective in the United States is concerned that the non-transparency of Chinese energy diplomacy will hurt US strategic interest, while Chinese policymakers are concerned that the American control of global oil resource will damage China's strategic interest. They are concerned that the Chinese companies are subject to unfair competition from their counterparts in the United States, which has exaggerated the impact of Chinese energy consumption on environmental deplete and misunderstood China's military modernization and energy policy, twisting the meaning of China's go-out strategy. Due to the influence of political factors, China-U.S. cooperation in energy is constrained by American limitation on technology exportation and capital investment.

From the very beginning, U.S. environmental and energy policy to China is embedded in its general strategy toward China. During the honeymoon of China-U.S. relations in the 1980s, U.S. environment and energy to China was featured mainly by technological support and cooperation. In the 1990s, because of the impacts of the arguments of "China threat" and "China collapse" on American media and public opinion, U.S. environmental and energy policy to China has been colored by the ideology of the "post-Cold War containment." In particular, the American government enforced oversight mechanism on exportation and limited energy cooperation and investment, in order to prevent China from obtaining first-class technology. Such inertia of containment has not been completely stopped since this century. The main reason for the Bush administration to withdraw from the Kyoto Protocol is that the United States thinks China does not take duty in carbon emissions reduction. Therefore, in view of China's huge demands for energy resulted from swift development and the increase of carbon emissions, the United States believes that it should exert diplomatic pressure on China and enforce

⁴⁷Kenneth Lieberthal, *American Perspectives on the Peaceful Development of China*, No. 4, 2006, co-issued by Shanghai Institute for American Studies and Shanghai Society for American Studies.

⁴⁸Ibid.

necessary constraint. One example is that on June 23, 2005, the Chinese National Offshore Oil Corporation (CNOOC) tried to acquire Unocal with a bid that valued it at the price of \$18.5 billion (\$67 for each share) paid by cash.⁴⁹ This bid for purchase shocked the United States both within and outside the government. Forty-one congress members wrote letters to President Bush, asking the administration to strictly review the bid from the perspective of American national security. On June 30, House passed a resolution with 333 vs. 92 votes, inhibiting the Department of the Treasury to use any money under its control to recommend an approval of the bid. House also passes an unbound resolution with a huge margin of 398 vs. 15 votes, claiming that purchase of Unocal would threaten American national security. On July 13, the House Military Committee convened a public hearing on the issue. Chairman of U.S. China Economic and Security Review Commission Richard D'Amato asked: Why the Chinese government offered such a high price to purchase Unocal? If the purchase had impact on national security, the administration needed to seriously consider intervention.⁵⁰ Former Central Intelligence Agency Director James Woolsey took an even harder attitude, claiming that China might take oil as a war weapon.⁵¹ As one principal witness for the testimony, former Department of Defense strategic expert in the Reagan administration Frank Gaffney claimed that China's goal was to replace the United States as the main economic power in the world. He warned exaggeratedly that China would use force to defeat America whenever necessary.⁵² Among the almost one-sided voice, Cato Institute Energy Studies director Jerry Taylor advanced a different point of view. According to him, some people had intentionally exaggerated the risk of purchasing the Unocal by the CNOOC. He hoped that Congress would be cautious toward the warnings about the threat on US national security resulted from the purchase. According to him, "the more China invests in the United States, the less likelihood of a conflict occurred between the two countries."⁵³

Meanwhile, editor of *Carnegie China Insight* Yong Lu interviewed several experts in congressional think tanks as well as in the Endowment, including some energy experts on Asia, on the topic of China-US energy dispute. The purpose of the interview was to explore different views in American political and academic circles on the subject. Commissioner Carolyn Bartholomew of U.S. China Economic and Security Review Commission argued that the purchase of the Unocal by the CNOOC directly influenced US economic and energy security, therefore posting a threat to national security. The congressional demand on the White House to review this case was not simply an emotional reaction in the American political circle, she

⁴⁹The Unocal Cooperation, founded in 1890, is an old oil enterprise in the United States. Its development projects in oil and natural gas cover Gulf of Mexico, Texas and the Southeast Asia. The properties in Southeast Asia account for 50% of its total amount of them in the world.

⁵⁰"US House Convened a Hearing on the Purchase of Unocal by Chinese National Offshore Oil Corporation," <http://losangeles.mofcom.gov.cn/aarticle/jmxw/200507/20050700176260.html>.

⁵¹Ibid.

⁵²Ibid.

⁵³Ibid.

continued. As economy was base for military development, economic security was one important part of national security.⁵⁴ Minxin Pei, the then Carnegie China Program director, also opposed the purchase, but with a slightly different perspective. He argued in the interview that it was not a wise act for the CNOOC to purchase the Unocal from the strategic perspective of U.S.-China relations. It would not only increase new conflicts of the bilateral relations in a short term, but also weaken the foundation of mutual trust between the two countries strategically. It was therefore fair to say that the CNOOC had lost a lot by gained little benefit. The only make-up solution was to withdraw from the action as early as possible and give up the plan. Although the CNOOC might lose its face, it would be a minimal price to pay as regards the most important bilateral relations. Any action without thoughtful consideration would bring about regrettable big mistake in the sensitive period of China-U.S. relations.⁵⁵ As opposed to the mainstream views in Congress, Albert Keidel, Carnegie senior associate specialized on Chinese economy, provided a different perspective. According to him, “CNOOC’s purchase not only would not compromise U.S. national security, but preventing the deal would compromise U.S. national security if share-holders of Unocal thought the purchase by the CNOOC was a good business choice.”⁵⁶ David Rothkopf, a visiting scholar at the Carnegie and former Commerce Department undersecretary for international trade, raise a similar viewpoint. However, the American media all opposed the purchase with one voice, arguing that Chinese increasing investment in the United State might result in an anti-China sentiment similar to the anti-Japan sentiment twenty years ago, and the United States would worry about China’s serious economic threat and military challenge to itself.⁵⁷ A following poll showed that 73% of Americans didn’t agree with the purchase of the Unocal by the CNOOC.⁵⁸ Under such political atmosphere, the CNOOC declared to withdraw its bid, and the case ended.

5.4 Think Tanks and China-U.S. Strategic and Economic Dialogue

China and the United States now have more than sixty platforms for exchange and cooperation, among them U.S.-China strategic and economic dialogue (S&ED) is unquestionably the most important one. This is a periodical high-level mechanism

⁵⁴*Carnegie China Insight Monthly*, July 2005, <http://www.camegieendowment.org/programs/china/chinese/insightmonthly/Articles/0705.cfm>.

⁵⁵Ibid.

⁵⁶Ibid.

⁵⁷“American Media is Concerned about the CNOOC’s Bid for Purchase of the Unocal Poses a Threat to the United States,” http://news.xinhuanet.com/world/2005-06/24/content_3128521.htm.

⁵⁸“American Experts Analyze the Causes and Prospects of China-U.S. Dispute on the Energy Issue,” <http://www.cetin.net.cn/cetin2/servlet/cetin/action/HtmlDocumentAction;jsessionid=E865DB0BB9BBA83DC5F4A8E4FC26385F?baseid=1&docno=240418>.

for dialogue between the two countries. Issues for dialogue are mainly about bilateral, regional and global security and economy, with strategic track and economic track as two subordinate mechanisms of the dialogue, which was agreed upon by President Hu Jintao and President Obama during their meeting on April 1, 2009 at the G-20 financial summit period. The first round of S&ED was convened in the Reagan Building at Washington, DC on July 27, 2009, co-chaired by President Hu Jintao's Special Representative and State Council Vice Premier Wang Qishan and State Councilor Dai Bingguo from the Chinese side and President Barack Obama's Special Representative and Secretary of State Hillary Clinton and Secretary of Treasury Timothy Geithner from the American side. This section focuses on exploring the influence of think tanks on the discussion of carbon emissions reduction and clean water (energy) in this dialogue mechanism.

5.4.1 Think Tanks and the Beginning of the Dialogue

The mechanism of the S&ED was developed from the previous China-U.S. strategic dialogue⁵⁹ and China-U.S. strategic economic Dialogue. China-U.S. Strategic Dialogue originated from an important consensus on further advancing China-U.S. constructive cooperative relations reached between Chinese President Hu Jintao and American President George W. Bush when they held a meeting in November 2004, Santiago, Chile. This mechanism of dialogue has provided an important platform for handling the bilateral relations from macro and long perspectives and is an important means to strengthen cooperation between the two countries. The first round of dialogue started in Beijing, August 1, 2005. Its central theme was important regional and international issues interesting to both sides. Through frank and deep exchange of opinions, both sides agreed that the dialogue was useful and constructive, thus increasing their mutual understanding. The two parties declared repeatedly that a long healthy and stably developed China-U.S. relationship is in the fundamental interest of the two countries and their people. The persisting and enlarging cooperation between the two countries has a significant meaning for advancing current and future peace, and stability and development in the Asia-Pacific region as well as the world. From then on, China-U.S. strategic dialogue, as a periodical dialogue mechanism, had occurred in the two countries in turn, with six rounds of dialogue by the end of 2008.

Unlike China-U.S. strategic dialogue, China-U.S. strategic economic dialogue was initiated by the United States. The consensus reached by the leaders of the two countries provided a mechanism for the two sides to enhance dialogue and cooperation in the economic sphere. This dialogue was defined to explore long, macro, and comprehensive economic cooperation between the two countries, rather than

⁵⁹China regards the dialogue as China-U.S. Strategic Dialogue, but the United States defines it as "U.S.-China Senior Dialogue."

being limited to resolve the specific economic and trade issues in details. On August 21, 2006, President George W. Bush put forward the idea of establishing a mechanism for China-U.S. strategic economic dialogue during his phone call to President Hu Jintao, who agreed with it.⁶⁰ In order to obtain American domestic support of this dialogue mechanism, Henry Paulson, who was newly appointed Secretary of Treasury in July 2006, made a speech on Chinese economy on September 13. In the speech, he referred China as a global economic leader seven times and clearly pointed out that the United States needed a prosperous and stable China, which can serve as a global economic leader. The United States needs to observe U.S.-China relations from the strategic perspective of generation after generation. The greatest risk for the United State is not that China will catch up with it, but that China fails to continue a sustainable growth and necessary reform for resolving the serious problems facing the country.⁶¹ One week later, Henry Paulson and Chinese Vice Premier Wu Yi announced in Beijing the Joint Statement between the United States of America and the People's Republic of China on the Inauguration of the U.S.-China Strategic Economic Dialogue on September 20, 2006 and formally started the dialogue mechanism thereafter.⁶² In the same evening, Paulson talked about American intension to establish the mechanism of U.S.-China strategic economic dialogue at American Embassy in China. According to him, the U.S. purpose is to resolve the issues in the two countries' economic relations from the long and strategic perspective, find out sphere of priority for mutual cooperation, and build confidence through resolving short-term problems. He emphasized that establishment of the mechanism is for the two countries to equally share the benefits of economic growth.⁶³ The mechanism of U.S.-China strategic and economic dialogue is divided into five working groups, including (1) financial service industries, (2) energy and environment, (3) innovation, (4) transparency and (5) non-financial service industries. During December 14 to 15, 2006, the two countries had a first round of dialogue in the Great Hall of the People in Beijing. The key theme of the dialogue is China's Development Road and Economic Development Strategy, including several special topics, such as urban-rural balanced development and sustainable development of Chinese economy.

⁶⁰The idea of establishing a dialogue mechanism originated from Henry Paulson, who believes that as China has become a leader of global economy, the United States needs to ask China to actively take obligations in the world affairs. Paulson therefore convinced George W. Bush to advance U.S.-China economic relations to the level of strategic height and initiate U.S.-China strategic and economic dialogue.

⁶¹Huang Qing, "Meiguo xincaizhang de xinshijiao: baoersen jianghua rangren ermu yixin" [The New Perspective of the New U.S. Secretary of Treasury: Paulson's Talks Refreshing People's Feelings], *The People's Daily* (Overseas edition), September 19, 2006. For details, see http://news.xinhuanet.com/fortune/2006-09/19/content_5108113.htm.

⁶²<https://www.treasury.gov/press-center/press-releases/Pages/hp105.aspx>.

⁶³Gou Xiaofeng, "Zai yuanze wenti shang meiyou fenqi: baoersen liuxia wenhede beijing" [No Dispute on Principle: Paulson Has Left a Moderate Shadow], *Jingji cankaobao* [Economic Reference], September 26, 2006, http://news.xinhuanet.com/fortune/2006-09/26/content_5137739.htm.

China-U.S. strategic economic dialogue convenes twice a year. From its initiation in 2006 to the end of 2008, five meetings had been held. As Paulson mentioned, the purpose to establish such a mechanism is to include China-U.S. relations in an institutional track. In particular, as economic interaction between the two countries has a shocking influence on global strategy, this mechanism will ensure the two countries' comprehensive and cross-area dialogue and cooperation. In addition, from American point of view, U.S.-China dispute in economic sphere can hopefully be resolved within the framework of the bilateral strategic economic dialogue, therefore ensuring that the two countries' normal economic relations not be interfered. From the Chinese aspect, to maintain the "strategic opportunity period" for development and realize the goal of peaceful development is in China's core interest and meet its strategic goal. The important guarantee for realizing the core interest and strategic goal is to have a good cooperation with the United States to obtain virtuous international environment. Therefore, to establish this dialogue mechanism can ensure general stability of China-U.S. economic relations. Because both the strategic dialogue and strategic economic dialogue mechanisms were established during the period of Republican President Bush administration, the Democrat President Obama administration has experienced a discussion and debate on whether the two dialogue mechanisms should be "advanced" or "integrated."⁶⁴ Eventually, the idea of "integration" was accepted. After Hu Jintao-Barack Obama London meeting in April 2009, the two countries reached a consensus: Formally replacing two mechanisms of strategic and strategic economic dialogue with the single mechanism of S&ED.

In initiating and developing the whole process of the dialogue, the American think tanks, as "broker of thought" for the government, have output the idea as their obligations. As early as the turn of the new millennium, David Lampton wrote a report titled *A Big Power Agenda for East Asia: American, China, and Japan*, in which he raises up 11 policy recommendations as regards to the current military situation in Northeast Asia, Stalemate in the Taiwan Strait, China's missile buildup and the "normalization" of Japan. Among the 11 policy recommendations, both the first and ninth recommendations mention that the United States should involve China in a multilateral forum and annual trilateral meetings of the Japanese, Chinese, and American defense and foreign ministers should be institutionalized.⁶⁵ Lampton calls himself as a member of "integration faction" on China. As opposed to "power faction,"⁶⁶ the "integration faction" believes that China hopes to become

⁶⁴To be "advanced" means to promote the dialogue to the level of vice president (Joe Biden) versus premier (Wen Jiabao).

⁶⁵David M. Lampton and Gregory C. May, *A Big Power Agenda for East Asia: America, China and Japan* (Washington, DC: The Nixon Center, 2000), pp. ii-ix.

⁶⁶The theoretic representative of the "power faction" or "offensive realism" is University of Chicago professor of political science John Mearsheimer. In his representative work, *The Tragedy of Great Power Politics* (New York: W.W. Norton & Company, 2003), Mearsheimer make a comprehensive argument of the theoretic concept of offensive realism. His basic points are: As power is limited in the world, if China rises, the United States will necessarily be harmed. Further,

a respected member equal to other members in the international community. If the international society respects China and open the door of international organizations and other institutions for it, China will become a cooperative power. If the United States wants to effectively deal with China and maintain the world peace, it must increase mutual interdependence of the two countries, making the price of bilateral conflict too high to be bearable by either side.⁶⁷ Maxine Thomas found in her report on U.S.-China Dialogue that forum on U.S-China relations preceded in the United States can help to provide policy options for the governments. The forum conducted at the lower level can help American ordinary people to more exactly understand China and the Chinese people, and thus bringing about official dialogue in a good atmosphere by civil dialogue.⁶⁸

In the wake of U.S.-China airplane collision, both sides realized the importance and necessity of high-level dialogue. Particularly after the September 11 terrorist attacks, the United States needed Chinese support in international anti-terror activities and thus paid more attention to institutionalization of high-level dialogue between the two countries. *Carnegie China Insight Monthly* chief editor Yong Lu published an article in the journal (No. 2, 2005) titled “American Diplomacy: Is China the Next Target.” Lu argues in the article that nobody can make an absolute prediction on the change of foreign affairs and that a real conflict often breaks out because of emergency. Therefore, in order to establish stable U.S.-China relations, it is probably most important to strengthen the capabilities of Washington and Beijing on risk control and management on the issues of Taiwan and the Korean Peninsula.⁶⁹ Lu then mentioned the constructive views of Michael Swaine: to have a long-term high-level official dialogue between the two countries and institutionalized the process. According to Lu, China and the United States have a lot of misunderstanding and misperception on the Taiwan issue, which requires the two countries have more pragmatic communication and dialogue. The United States must clearly and repeatedly send out the message: America does not support either side of the Taiwan Strait to use military force first. In the Six Party Talks for non-nuclearization in the Korean Peninsula, high-level dialogue between the United

(Footnote 66 continued)

if American power is decreasing, the degree of its security will be decreased as well. Members of the “power faction” argue that the United State at least should not do anything helpful to the increase of China’s national capacity. The “integration faction” and the “power faction” are two totally different perspectives regarding the nature of China-U.S. relations in the sphere of China studies in the American academic circle regarding whether the two countries involve a zero-sum game or a win-win game.

⁶⁷“U.S. Expert Lampton Arguing for Studying China with a Chinese Perspective,” http://news.xinhuanet.com/world/2006-09/22/content_5122468.htm.

⁶⁸Maxine Thomas, “Report on China-U.S. Dialogue,” in Maxine Thomas and Zhao Mei, eds., *China-United States Sustained Dialogue* (Beijing: China Social Sciences Press, 2001), pp. 21–38.

⁶⁹Yong Lu, “U.S. Diplomacy: Is China the Next Target?” *Carnegie China Insight Monthly*, No. 2, 2005, <http://www.carnegieendowment.org/programs/china/chinese/insightmonthly/Articles/0205.cfm>.

States and China will help effective process of the talks.⁷⁰ Meanwhile, Carnegie Energy and Climate Program director and energy expert William Chandler promoted U.S.-China Track II dialogue from the expertise perspective. China-U.S. high-level dialogue was initiated by the idea of reducing their misunderstanding and misperception on the Taiwan issue to relax the Taiwan Strait crisis, coordinating their positions in the Six Party Talks, and constructing a bilateral mutual trust mechanism. This basic goal has been realized in the process of institutionalizing dialogue with expected effects. Encouraged by the positive outcome of the high-level dialogue, the Bush administration thereafter paid a great attention to the mechanism of U.S.-China strategic economic dialogue to strengthen the two countries' cooperation in economic sphere.

5.4.2 Think Tanks and Environmental and Energy Issues in Dialogue

In China-U.S. strategic economic dialogue and the following S&ED, the major difference between the two countries in environment, climate, and energy issues lies in the principle of "common but differentiated responsibilities." Therefore, whether the two countries can reach a consensus or set aside their difference through compromise is the guarantee for them to continue dialogue and cooperation. In the process of perceptual change, both American academic and political circles have experienced ideological debates among cooperators, pushers, and worriers. Brookings senior fellow Kenneth Lieberthal as a leader of "cooperators" has presented its thoughtful discourse on U.S.-China cooperation on clean energy, overcoming obstacles and challenges in climate change as well as taking opportunities for both countries through a series of research papers, working reports and congressional testimonies, which have aroused a great attention among high-ranking officials in China and the United States. In all of his presentations, Lieberthal always believe that the key for the development of U.S.-China relations is to find out the most effective means, reducing the emissions of greenhouse gas as much as possible. This requires the two sides take a reciprocal way based on reality.⁷¹ He reiterates many areas that China and America can cooperate from their bilateral interest. The two counties have mutually supplementary capacities. The United States and China should develop an important cooperative relationship on clean energy.⁷² Lieberthal and his research team have not only convened American policymakers to take a realist perspective in reviewing the issue of U.S.-China cooperation on energy and environment, but also organized Brookings fellows to

⁷⁰Ibid.

⁷¹"Challenges and Opportunities for US-China Cooperation on Climate Change," http://www.brookings.edu/testimony/2009/0604_china_lieberthal.aspx?sc_lang=zh-CN.

⁷²Ibid.

walk out and cosponsor public policy forum—U.S.-China Cooperation on Climate Change—with Chinese counterparts in Beijing, with participation of high-ranking officials from the two countries. The Brookings also relies on Tsinghua-Brookings Public Policy Center to frequently sponsor seminars on how can the United States and China overcome obstacles in their cooperation in climate change, in order to coordinate the two countries' scholars and officials to get compromise on energy cooperation, establish intension in cooperation, and discuss specific approach to carry on cooperation.

Because of institutional checks and balances in American politics and the tradition of media freedom, China's high carbon emissions have provided a reason for harks in the American government to adopt a "pressing position." As the main think tank outputting the idea of China threat, the Heritage Foundation insists that China should undertake the same responsibilities like developed countries in carbon emissions. It opposes the principle of common but differentiated responsibilities. Therefore, conservative scholars in the Heritage oppose the Bush administration to implement the *Kyoto Protocol*, and oppose the administration to accept any agreement relieving China from the responsibilities in carbon emissions limits. As a senior fellow in the foundation's Energy and Environment Program, Charli Coon always insists in a hard position in his research reports, policy analyses, and special papers—The United States should take a tough attitude to China on energy high-tech transfer and carbon emissions, and exercise necessary technology transfer limits and containment on China.⁷³ Other pushers at the AEI also take a tough position. As Mikkal Herberg argues in a 2005 article titled "China's Energy Insecurity and Implications," China will become a greatest importer of oil in the world within 10 to 20 years. If so, China will inevitably become more and more relying on import for oil and natural gas. Therefore, China will certainly try to control oil in its neighboring regions and thus posing a shock to Asian geopolitics. China's increasing trade in energy will necessarily lead to its increasing political, economic, and military influence in oil export countries, particularly in the Persian Gulf area. As China will become a main player in energy geopolitics, the United States must have a whole set of strategies to deal with China.⁷⁴ This research project is related to the AEI's seminar on Asia and China, assigned by the government.

The worriers have a swing position on the issue of U.S.-China cooperation on energy and environment. But in general, "push plus engagement and cooperation" is their leading idea. Taking the Carnegie for example, as a main figure in the worriers, Carnegie Energy and Climate Program director William Chandler always believes that the United States should adopt an even-handed policy of pushing and engagement toward China. In a series of articles and research reports, Chandler charges China for disorder during rapid development and suggests the American

⁷³For more details about Coon's articles and reports, see Sect. 5.5 of this chapter.

⁷⁴Mikkal E. Herberg, "China's Energy Insecurity and Implications," <http://www.aei.org/googleSearch?query=contain+china+in+energy&start=0&sortBy=relevance>.

government to harshly criticize China in high-level or strategic economic dialogue between the two countries, demanding China improve the problems with stricter standard and therefore integrating China into the international regime of energy and environment led by the United States. Meanwhile, he insists that the United States and China should untie the knot and deal with the perception gaps between them from the perspective of pragmatist philosophy. The two countries should cooperate in responding to climate change. Chandler himself has made efforts to promote America-China track II dialogue on climate change and written research reports and provided policy recommendations to the government based on his solid knowledge and expertise. The above-mentioned “A Guide to U.S.-China Climate Cooperation” is a full presentation of Chandler’s idea of “push plus engagement and cooperation.”

In addition, *Carnegie China Insight Monthly*, Carnegie Chinese website, Carnegie Beijing office, and Carnegie-Beijing research programs on environment policy all make efforts to encourage the two countries to take a realistic position by providing first-hand information and data. The goals are (1) reducing the two parties’ perception gap on the principle of “common but differentiated responsibilities,” (2) deactivating their disputes, (3) highlighting the process of U.S.-China cooperation and effective improvement, and (4) finding out the best policy of energy security and drawing the agreement framework of bilateral cooperation. Since President Obama came to office, both countries have demonstrated the spirit of “setting aside disputes” in bilateral talks and cooperation on clean energy and environmental protection. In June 2009, U.S. Special Envoy for Climate Change Todd Stern took a delegation to visit China. The top task of the delegation was to discuss the mostly arguable principle of “common but differentiated responsibilities” and end the dispute on which country—the United States or China—should take more responsibilities as two big countries in greenhouse gas emissions. Chinese Premier Li Keqiang and National Development and Reform Commission Vice Director Xie Zhenhua talked with Stern frankly on enhancing policy communication and pragmatic cooperation on climate change, energy, and environment under the framework of China-U.S. S&ED. In the end of his visit, Stern stated clearly in the media interview that China did not need to take the same action of developed countries, but need to take important action; and that the United State agreed to enhance the two countries’ partnership on clean energy and climate change based on the principle of “common but differentiated responsibilities.”⁷⁵ In the following first round of U.S.-China S&ED in July 2009, the two countries signed a *Memorandum of Understanding to Enhance Cooperation on Climate Change, Energy and the Environment*.

⁷⁵Zhang Ying, “Zhongmei jiang chengli qingjie nengyuan lianhe gongzuozu” [China and the United States will set up joint working group on clean energy], *Dongfang zaobao*, June 10, 2009, A15. Among the delegation members visiting China, former Brookings senior fellow Kenneth Lieberthal and the then Assistant Secretary of Energy for Policy and International Affairs David Sandalow played an important role. For more details about Sandalow’s articles and reports, see Sect. 5.5 of this chapter.

5.4.3 *Thank Tanks and China-U.S. Cooperation on Environment and Energy*

In recent years, as climate warming turned into a global issue, China-U.S. joint action in responding to climate change has not only become an issue between the two countries but also a hot concern of the world. On February 26, 2009, Tsinghua-Brookings Public Policy Center sponsored a forum on China-U.S. Cooperation on Climate Change. Kenneth Lieberthal gave a keynote speech in the conference, introducing the newly released report by the Brookings titled *Overcoming Obstacles to U.S.-China Cooperation on Climate Change*. This report was written by Lieberthal and David Sandalow, published in both English and Chinese in the two countries in January 2009. This report argues that cooperation between China and the United States on developing clean energy is helpful to overcome global warming, thus being an important foundation for U.S.-China relations in the future. The joint efforts of leaders of the two countries on climate change are not only good for their interests, but also beneficial to the world.⁷⁶ In addition to their former positions in the government, this report is based on literature review and personal interviews with several figures working in the government, think tanks, universities, companies and the NGOs in the two countries, it therefore received high attention of policymakers in the governments of China and the United States. As Brookings China Center director and senior fellow Cheng Li mentioned when being interviewed by a reporter of *Global Times*, his colleagues Kenneth Lieberthal and David Sandalow had presented a research report on U.S.-China cooperation on climate change and energy; this report had influence on policymaking of the Obama administration and Sandalow himself had been appointed as assistant secretary of energy for international affairs.⁷⁷

Another research report, *Common Challenge, Collaborative Response: A Roadmap for U.S. China Cooperation on Energy and Climate Change*, was issued about the same time by the Pew Center Global Climate Change Program and Asian Society Center for U.S.-China relations. The co-chairs of the joint program is Brookings Chair of Board of Trustees and Asia Society Member of Board of Trustees John Thornton and the then UC Berkeley Lawrence Livermore National Laboratory director and professor of Physics Steven Chu. The joint program incorporated 53 American and Chinese experts, with the participation of four important U.S. think tanks, including the Council on Foreign Relations, the

⁷⁶Kenneth Lieberthal and David Sandalow, *Overcoming Obstacles to U.S.-China Cooperation on Climate Change*, <http://tinyurl.com/uschinaclimate>.

⁷⁷Liu Juanfeng, “Quanqiu dingjian zhiku ruhe yanjiu zhongguo” [How Global Top Think Tanks Studies China,” <http://www.chinaelections.org/newsinfo.asp?newsid=172401>.

Brookings, the Environmental Protection Foundation and the NCUSCR.⁷⁸ Because of the big scale of the research team, with its experts in different academic disciplines and core members from important governmental departments, the report has become the blueprint for policymaking in U.S.-China energy and environment cooperation after President Obama came to office.⁷⁹ The report has six parts, exploring respectively (1) the formation of the roadmap, (2) promoting the second strategic transition, (3) common challenge, (4) collaborative response, (5) the first step and (6) the conclusion. According to the conclusion, carbon emissions in the United States are actually harmful to China, just like carbon emissions in China are harmful to America. They are harmful to all countries in the world without any exception. Such a lively fact demands a set of new global strategies for mankind and the key response should be made by the United States and China. The fact that the United States and China are two biggest countries in greenhouse gas emissions in the world has cultivated a new type of comprehensive cooperation between them. Without such cooperation, this global issue cannot be dealt with and resolved.⁸⁰

On October 22, 2009, the Brookings and China Institute of Strategy and management co-sponsored the first forum on United States-China Strategic Forum on Clean Energy Cooperation. In the forum, Chinese Premier Li Keqiang proposed that China and the United States to have strategic and pragmatic cooperation on a series of environmental issues, including energy saving, increasing efficiency of energy use, and developing clean coal technology. U.S. Assistant Secretary of Energy for International Affairs David Sandalow agreed with Premier Li, saying that this matches the interests of the United States and China and is the common hope of business people in the two countries. He also pointed out that the world is at the turning point of automobile technology revolution and the degree of U.S.-China cooperation will determine when the revolution will come.⁸¹

In November 2009, Asia Society Center for U.S.-China Relations, Center for American Progress (CAP) and Monitor Group jointly released the third report on U.S.-China cooperation plan on energy and climate titled *A Roadmap for U.S.-China Collaboration on Carbon Capture and Sequestration*. The report quoted U.S. Special on Climate Change Todd Stern's remarks at the CAP on June 3, 2009, "If the two goliaths on the world stage can join hands and commit each other—at

⁷⁸Chinese scholars include Wu Jianming, Cheng Siwei, Pan Jiahua, Chu Shulong, Wang Jisi, Huang Ping, Zhang Haibin, Zha Daojiong, Jiang Kejuan, jjunyongZhang Xiliang, Zou Ji, Wu Xialei, etc. American scholars include Kenneth Lieberthal, David Sandalow, Susan Shirk, Harry Harding, Jeffrey Bader, David M. Lampton, and Jenifer Turner, etc. Senior advisors for the report include five heavyweights, such as Henry Kissinger, one senator from Washington, DC and another from California.

⁷⁹*Common Challenge, Collaborative Response: A Roadmap for U.S. China Cooperation on Energy and Climate Change*, <http://www.pewclimate.org/docUploads/US-China-Roadmap-Feb09.pdf>.

⁸⁰Ibid.

⁸¹"Zhongmei shitu jiakuai dacheng quanqiu qihou huanhua zhanlue" [China and the United States Attempt to Quickly Find Out a Strategy for Global Climate Change], *Cankao xiaoxi*, November 12, 2009.

the highest levels—to a long-term, vigorous climate and energy partnership, it will truly change the world.”⁸² As the authors point out, “At the same time that the United States and China are reaching to reformat their relations, the world is being confronted by an unprecedented challenge: global climate change.” “One area that now presents itself as a logical starting point for collaboration is in carbon capture and sequestration (CCS) for coal-fired power plants, which make up a structural party of both nations’ energy systems. If United States President Barack Obama and Chinese President Hu Jintao could forge a partnership on this issue at their summit meeting in November, it would be an unprecedented step forward ... in U.S.-China relations.” The central elements of the roadmap for U.S.-China collaboration include “sequestration of available pure streams of CO₂,” “retrofit research, development, and deployment” of power plants, and “catalyze markets for CCS.” The report has examined the three elements in details. The report claims that U.S.-China collaboration in CCS could: (1) “help accelerate eventual CCS deployment in the United States;” (2) “reduce U.S. electricity prices;” and (3) “reduce costs for the United States” and “allow the U.S. to share the risks.” To this end, the report reaches a conclusion, “We hope the roadmap outlined in this report can help enable leaders on both sides to seize this opportunity to bring their respective countries together in a meaningful new program of collaboration in this critical area of clean energy technology.”⁸³

Obama supports U.S.-China cooperation. In his first stop of the Asian trips, Obama made a speech on American Asia policy. As he highlighted, because no single country can handle various challenges in the 21st century by itself, the United States and China can obtain a win-win outcome if they jointly face the challenge. “So the United States does not seek to contain China, nor does a deeper relationship with China mean a weakening of our bilateral alliances. On the contrary, the rise of a strong, prosperous China can be a source of strength for the community of nations. And so in Beijing and beyond, we will work to deepen our strategic and economic dialogue, and improve communication between our militaries.”⁸⁴ Obama’s Asia policy speech indicated that U.S.-China strategic and economic dialogue would follow the general direction of cooperation in his term. On May 25, 2010, the second round of the dialogue completed in Beijing and the two parties signed eight agreements with 26 specific products within two days, including areas of energy and nuclear energy usage. On May 10, 2011, the third round of the dialogue finished in Washington, DC. The two sides stated that they would jointly work through APEC energy group to promote smart energy community initiative, and enhance information communication on energy-saving and environmental protection technology.

⁸²Asia Society, *A Roadmap for U.S.-China Collaboration on Carbon Capture and Sequestration*, November 2009, <http://asiasociety.org/media/press-releases/roadmap-us-china-collaboration-carbon-capture-and-sequestration>.

⁸³Ibid.

⁸⁴Ibid.

5.5 From Kyoto Protocol to Post-Kyoto Protocol

In 1997, the Kyoto Protocol was passed at the third meeting of the signatories. President Clinton openly claimed that the American government was going to observe the Protocol and negotiate with other countries under this framework. On November 12, 1998, Vice President Gore signed the Protocol, and represented the United States to make an oral commitment of reaching the requirement of carbon emissions reduction for 2012 specified by the Kyoto Protocol. However, compared with Clinton's active multilateral diplomacy on environment, George W. Bush openly opposed the Protocol in his 2000 electoral campaign. After coming into office, He set up a National Energy Policy Planning Group headed by Vice President Richard Cheney within the second week of the presidential inauguration to study energy as special project. In early March, President Bush wrote a letter to several senators, elaborating U.S. government position on global climate change in general and the Kyoto Protocol in particular. Bush said in the letter that he opposed the Protocol, because it exclude 80% of world population, including countries with huge population, such as China and India, from undertaking the obligation of carbon emissions reduction. This will hurt American economy greatly.⁸⁵ On March 28, Bush declared that the United States would not implement the Kyoto Protocol for the following reasons: (1) contemporary energy crisis, (2) incomplete scientific data on the causes of global warming and lack of technological support on carbon sequestration, (3) damage to American economic and employment, and (4) China and India as two big carbon emissions countries not undertaking the same responsibilities as the United States does. In the process of policymaking, U.S. think tanks undertook research reports and provided theoretical evidences and practical feasibilities for the president, thus leading to the conflict of different views within the American government. Several years later, the Climate Framework Convention convened in Copenhagen during December 7 to 19, 2009 and discussed the issue of how the signatories of the Kyoto Protocol could reduce their carbon emissions with specific calendar in the post-Kyoto Protocol era, in view of the reality of global warming. The negotiation process was quite difficult in coordinating different interests of the signatory states and implementing the Climate Framework Convention that has no legal binding. This made unproductive the following ministerial meetings on climate in Cancun, Mexico from November 29 to December 10, 2010.

⁸⁵Zhou Fang, "Bush weihe fangqi shishi jingdu yidingshu" [Why did Bush Refuse to Implement the Kyoto Protocol?], *Quanqiu keji jingji liaowang* [Global Science, Technology and Economy Outlook], No. 10, 2001.

This section focuses on the following issues: (1) internal factors influencing the Clinton, Bush and Obama administrations' positions on the Kyoto Protocol and post-Kyoto Protocol issues, (2) the means of American think tanks in outputting ideas and influencing the final decision of the Bush administration, and (3) the possibilities of China-U.S. co-governance in environment under the Obama administration in the post-Kyoto Protocol period.

5.5.1 Byrd-Hagel Resolution and Kyoto Protocol

5.5.1.1 Byrd-Hagel Resolution

In July 1997, Republican Senator Chuck Hagel and Democrat Senator Robert Byrd proposed Byrd-Hagel Resolution (S. Res. 98) that was passed on July 25, 1997 in Senate with a vote of 95 versus 0. This resolution lists 11 items to support the Senate's position: "The United States should not be a signatory to any Protocol to, or other agreement regarding, the United Nations Framework Convention on Climate Change of 1992, at negotiations in Kyoto in December 1997, or thereafter, which would mandate new commitments to limit or reduce greenhouse gas emissions for the Annex I Parties (namely, developed countries), unless the Protocol or other agreement also mandates new specific scheduled commitments to limit or reduce greenhouse gas emissions for Developing Country Parties within the same compliance period." Otherwise, it "would result in serious harm to the economy of the United States." "Any such Protocol or other agreement which would require the advice and consent of the Senate to ratification should be accompanied by a detailed explanation of any legislation or regulatory actions that may be required to implement the Protocol or other agreement and should also be accompanied by an analysis of the detailed financial costs and other impacts on the economy of the United States which would be incurred by the implementation of the Protocol or other agreement."⁸⁶

Judging from the context of the Byrd-Hagel Resolution, institutionally speaking, it is clear that during neither the Clinton administration nor the Bush administration, the United States could become the signatory state for any international agreement on greenhouse gas emissions under the Convention and obtain senatorial rectification. Meanwhile, in view of most congressional members' suspicious attitude to the theory of global warming, it is almost impossible for them to support American implementation of the Kyoto Protocol.

⁸⁶*Byrd-Hagel Resolution*, <http://www.nationalcenter.org/KyotoSenate.html>.

5.5.1.2 Kyoto Protocol

The full name of The Kyoto Protocol⁸⁷ is *Kyoto Protocol to the United Nations Framework Convention on Climate Change*, which is a supplementary article for the Convention and signed by the signatories of the Convention in their third meeting in Kyoto in December 1997. Its goal is to reduce average emissions of six greenhouse gases (including carbon dioxide) in developed countries by 5.2% of the amount in 1990 during 2008 and 2012. The Protocol was enforced starting on February 16, 2005. The Kyoto Protocol is the important step of the international community in controlling global warming. It is also the first time in the human history to limit greenhouse gas emissions by law. In order to control the quantity of greenhouse gases in the atmosphere to a stable and suitable level and thus prevent the damage on human caused by dramatic climate change, the Kyoto Protocol allocates a certain amount of reduction quota for industrial countries participated in the Convention. The reduction percentages for European Union, American and Japan is 8%, 7% and 6%, respectively. The Kyoto Protocol allows the Norway and Australia to increase greenhouse gas emissions by 1% and 8%, respectively, and while Russia and New Zealand can remain the same. According to one of participants to the making of the Kyoto Protocol, the United States has not formally become the signatory state nor withdrawn from the Protocol. During the Clinton administration, before the Kyoto Protocol negotiation started, the Byrd-Hagel Resolution passed by Senate requires the American government not sign any treaty with specific goal and time limit that unequally treat developing countries and developed countries, because this would hurt greatly American economy. In addition, Congressional Budget Office, Department of Energy, Energy Information Administration all believed that implementation of the Kyoto Protocol was likely to greatly reduce the growth of American GDP. In view of the introduction of the Byrd-Hagel Resolution, the Clinton administration did not send the Protocol to congressional review, fearing that Senate—suggested by its attitude—might not rectify it, even though Vice President Gore’s participation in the negotiation has signed his name symbolically on November 12, 1998. After the Republican came to power in 2001, President Bush clearly indicated that he would not submit the Kyoto Protocol to Senate for rectification. He said, “This is a challenge that requires a 100% effort; ours, and the rest of the world’s. The world’s second-largest emitter of greenhouse gases is China. Yet, China was entirely exempted from the requirements of the Kyoto Protocol.” Bush continued by saying that his administration “is committed to a leadership role on the issue of climate change.” “Yet, America’s unwillingness to embrace a flawed treaty should not be read by our friends and allies as any abdication of responsibility.” “Our approach must be consistent with the long-term goal of stabilizing greenhouse gas concentration in the

⁸⁷*Kyoto Protocol to the United Nations Framework Convention on Climate Change*, <http://unfccc.int/resource/docs/convkp/kpeng.pdf>.

atmosphere.”⁸⁸ On May 17, 2001, the National Energy Policy Planning Group headed by Vice President Cheney formally submitted a National Energy Policy report to Bush, which soon became the core of energy policy of the Bush administration.⁸⁹

5.5.2 *Different Views of Think Tanks Around the Kyoto Protocol*

5.5.2.1 **Argument of “Environment Benefitted, Economy Suffered”**

This argument is the core view of opponents to the Kyoto Protocol. It is also the main views of the Byrd-Hagel Resolution. As regards to the Kyoto Protocol’s requirement that the United States should reduce its greenhouse gas emissions by 7% of the amount in 1990 during the period of 2008 and 2012, Senate estimated it would cause the loss of \$400 billion and 4.9 million job positions.⁹⁰ The main argument of President Bush in rejecting Kyoto Protocol implementation is it may hurt American economy while unjustly relieve China of its obligation.⁹¹

In the United States, a considerable amount of scholars believe that the Kyoto Protocol will block American economic growth and increase tax burden of American people. On October 28, 1998, the Heritage Foundation published an article “The Department of Energy’s Report on the Impact of the Kyoto” in its *Executive Summary* (No. 1229) with a straight subtitle: “More Bad News for Americans.”⁹² The writer said in the following paragraphs, “if the terms of the Kyoto Protocol are implemented, America’s gross domestic product (GDP) in 2010 will decline by about \$397 billion—far more than the Administration’s estimates of

⁸⁸The White House, “President Bush Discusses Global Climate Change,” <https://georgewbush-whitehouse.archives.gov/news/releases/2001/06/20010611-2.html>.

⁸⁹There are eight chapters in the 2001 *National Energy Policy*, and they are: (1) Energy challenges facing the United States; (2) The impacts of high energy prices on families, communities, and businesses; (3) Sustaining the nation’s health and environment; (4) Increasing energy conservation and efficiency; (5) Increasing domestic energy supplies; (6) Increasing America’s use of renewable and alternative energy; (7) A comprehensive delivery system; and (8) Enhancing national energy security and international relationships. The essence of the policy is to reinforce domestic energy supplies and global international relationships in energy. See Wang Zhen, “Jiexi Bush zhengfu de nengyuan zhengce” [An Analysis of Bush Administration’s Energy Policy], *Dangdai shijie* [The Contemporary World], No. 8, 2006.

⁹⁰Quoted from Lou Lingli, “‘Shuangcengci boyi lilun kuangjia xia de huanjing hezuo shizhi’ [The Essence of Environmental Cooperation under the Perspective of “Two-Level Game Theory”], *Shijie jingji yu zhengzhi luntan* [Forum of World Economy and Politics], No. 2, 2008.

⁹¹David Corn, “George W. Bush: The Un-science Guy,” <http://www.alternet.org/authors/559/>.

⁹²Alexander Annett, “The Department of Energy’s Report on the Impact of Kyoto: More Bad News For Americans,” *Executive Summary*, No. 1229, October 23, 1998, <http://www.heritage.org/research/reports/1998/10/bg1229esnsp-the-department-of-energy>.

\$1 billion to \$5 billion.” Meanwhile, the Kyoto Protocol could impose hidden costs on every American that amount to at least an additional 14.5% income tax.”⁹³ On May 11, 2001, the Heritage Foundation published an article “Bush Right to Abandon Flawed Kyoto Protocol” written by the leading figure of “pushers” and environmental analyst Charli Coon in the foundation’s *News Releases*. According to Charli Coon, “Many Americans are already struggling to cope with soaring energy prices. And complying with this treaty will make matters worse.” “Attempting to comply with the Kyoto emissions standards would cause gasoline prices to climb by at least another 30%, and electricity rates to rise by 50–80%. U.S. productivity would drop anywhere from \$100 billion to \$400 billion under the treaty ... American workers could expect to see their wages shrink and living standards to fall. And more than 2 million Americans would lose their jobs ... American competitiveness would suffer as well. Developing countries—many of which escape the treaty’s draconian requirements—could easily undercut U.S. merchants on products that use energy-intensive manufacturing processes, such as steel, paper, automobiles and chemicals. By 2020, American manufacturers would have to curb production by up to 15% if the United States adopted the Kyoto treaty.”⁹⁴

5.5.2.2 Argument of Injustice of the Kyoto Protocol

Together with the argument of “environment benefitted, economy suffered” is the argument of “injustice.” Injustice is the main logic in U.S. opposition against the Kyoto Protocol. It is also another core element in the Byrd-Hagel Resolution that oppose the United States becoming a signatory to any protocol to, or other agreement regarding, the United Nations Framework Convention on Climate Change. In the United States, the idea of injustice is also based on majority public opinions. Some commentators believe that China, India and other developing countries will soon become the countries with large greenhouse gas emissions. If these countries are not limited by the Kyoto Protocol, the world will not reach the goal of reducing greenhouse gas emissions, and even speed up global warming. For example, transfer of high-energy consuming industries from developed countries to developing countries with lower standard of environmental protection will bring about more pollutants or greenhouse gases. Other commentators have also taken a suspicious attitude to the correlation between global warming and greenhouse gas emissions. They regards the Kyoto Protocol as a vicious plan to either retard the process of industrial democracy in the world or transfer the global wealth toward the third world through global socialism.

⁹³Ibid.

⁹⁴Charli Coon, “Bush Right to Abandon Flawed Kyoto Protocol, Analyst Says,” <http://www.heritage.org/research/reports/2001/05/bush-right-to-abandon-flawed-kyoto-protocol-analyst-says>.

In the process of formation and development of the “injustice argument,” in addition to the media—such as *New York Times*, *Washington Post*, and *Christian Science Monitor*—that has the effects guiding public opinion, some think tanks have provided the idea basis of the argument from theoretic and empirical dimensions. The Heritage Foundation Energy and Environment Program serves as the main advocator of the “injustice argument.” As mentioned above, Charli Coon argued that Bush was right to abandon the flawed Kyoto Protocol in the *News Releases* from the perspective of “environment benefitted, economy suffered.” She also argued about the correctness of Bush in policymaking from the angle of injustice. According to her, “Worse, the treaty exempts developing nations, whose carbon dioxide emissions will surpass those of the industrialized world before 2020. Even if the United States met its targets under the treaty, greenhouse gas emissions won’t decrease over that period because developing countries will produce more. In fact, the situation could worsen as energy-intensive industries move to undeveloped countries where energy use is less efficient but less expensive.”⁹⁵ On May 11, 2001, the Heritage Foundation *Backgrounder* (No. 1437) published another article by Coon titled “Why President Bush Is Right to Abandon the Kyoto Protocol.” In the article, Coon once more emphasizes the fundamental flaws in the treaty: (1) large uncertainties remain in predicting future climate changes, their impact, and their causes, which deserve scientific and reasonable explanation; (2) The Protocol would require industrial countries to reduce their emissions to below their 1990 levels. Many countries will not be able to meet their emissions targets, and even if they did, this would not reduce worldwide emissions since studies show that emissions by developing countries will exceed those of the industrial countries by 2020; (3) Too much emphasis is placed on carbon dioxide and not enough on other greenhouse gases and heat-trapping substances; (4) The Protocol excludes developing countries—including China, Russia, India, and Brazil—from binding emissions reductions, which is unjust; (5) the Protocol will cause severe economic consequences to the United States.⁹⁶ On March 6, 2002, Coon published another working report on President Bush’s Climate Change Plan in the foundation’s *Webmemo* (No. 83) and further argued for her position. As a senior environmental and energy analyst at the Heritage Foundation, a conservative think tank and main platform of the Republicans, Coon’s idea of unfairness was widely recognized by Congress dominated by Republicans during the first term of the Bush administration.

⁹⁵Ibid.

⁹⁶Charli Coon, “Why President Bush Is Right to Abandon the Kyoto Protocol,” <http://www.heritage.org/research/reports/2001/05/president-bush-right-to-abandon-kyoto-protocol>.

5.5.2.3 The Principle of Common but Differentiated Responsibilities

On the issue of climate change, the principle of common but differentiated responsibilities is the foundation for various countries to perform their international obligation in implementing international law on environment. Human lives in a global together. As deteriorating environmental quality harms the interest of all countries interest, protection of the world has become common responsibilities of human. Therefore, common responsibilities are proposed based on global ecosystem as a whole. The 1992 Convention agreed to establish a set of common but differentiated responsibilities, reaching the following consensus among the participatory states:

- (1) Either in history or at present, developed countries are the main countries in greenhouse gas emissions;
- (2) Per capita greenhouse gas emissions in developing countries are still relatively low; and
- (3) Emission control in developing countries should match the level of their economic and social development.

Five years later, the article 10 of the Kyoto Protocol gave a full consideration of all signatories' "common but differentiated responsibilities and their specific national and regional development priorities, objectives and circumstances."⁹⁷ In fact, the Convention and the Kyoto Protocol have provided the main regulatory base for the principle of "common but differentiated responsibilities." The Convention made the regulation in principle—developed country signatories should first deal with climate change and its liabilities. The Protocol specifies that developed countries should not only "provide such financial resources, including for the transfer of technology, needed by the developing countries," but also "provide new and additional financial resources to meet the agreed full costs incurred by developing countries."⁹⁸ The reason in making such arrangement in the Convention and the Protocol lies in the specific circumstances and requirement of many developing countries. Facing double pressures from environmental protection and economic development, developing countries should not bear a disproportionate or abnormal burden beyond their capabilities, namely, the specific goal in reducing greenhouse gas emissions. In fact, the largest share of historical and current global emissions of greenhouse gases has originated in developed countries. Also, regarding the general commitment developing countries have made, the Convention has specified in its Article 4, Item 7: "The extent to which developing country Parties will effectively implement their commitments under the Convention will depend on the effective implementation by developed country Parties of their commitments under the Convention related to financial resources and transfer of technology and will take

⁹⁷See article 10 of the Kyoto Protocol, <http://unfccc.int/resource/docs/convkp/kpeng.pdf>.

⁹⁸See article 11 of the Kyoto Protocol, <http://unfccc.int/resource/docs/convkp/kpeng.pdf>.

fully into account that economic and social development and poverty eradication are the first and overriding priorities of the developing country Parties.”⁹⁹

In addition, the Convention emphasizes that developing countries should not avoid their responsibilities simply because of their shortage in economy and technologies. However, as developing countries did not create massive greenhouse gas emissions during the industrialization period, leading global climate change nowadays, they are not limited specifically on greenhouse gas emissions by the Kyoto Protocol at present. The principle of “common but differentiated responsibilities” is the important foundation supporting the post-2012 Kyoto Protocol international climate system and promoting international cooperation. It not only has influence on international climate negotiation as a whole and throughout the process, but also is closely related to important issues such as reduction, adaptability, technologies, and capitals. China, India, Pakistan, Brazil and most developing countries agree with this view.¹⁰⁰ However, the Bush administration thinks the Kyoto Protocol is unfair to the United States, simply because China, India and big emissions parties in the third world are not on the list for emission reductions.

In American federal and state governments as well as think tanks, a common consensus is the argument of “common but differentiated responsibilities” has not demonstrated the principle of fairness. Therefore, the United States does not need to commit itself to the emission reductions goal specified by the Kyoto Protocol. None think tank in the United States openly supports the view of “common but differentiated responsibilities.” However, under the acute situation of global warming, how can China and the United States as big carbon emissions countries cooperate has become an issue they must face squarely. Hence, experts in the Brookings and the Carnegie argue for neutralizing this disputable issue between the United States and China, and coming back to the area of practical cooperation. In order to promote U.S.-China cooperation on climate and to set aside disputes, Kenneth Lieberthal and David Sandalow openly published the abovementioned report *Overcoming Obstacles to U.S.-China Cooperation on Climate Change* in English and Chinese in January 2009, followed by a keynote speech at the Tsinghua-Brookings Public Policy Forum on China-U.S. Cooperation on Climate Change in the following month. In June 2009, U.S. Special Envoy for Climate Change Todd Stern revisited China, accompanied by Science Advisor to the President John Holdren and Assistant Secretary of Energy for International Affairs David Sandalow, and has a substantial talks with their Chinese counterparts on the two countries’ cooperation on climate warming. Before their Beijing trip, Carnegie senior associate William Chandler suggested the U.S. government that it is unrealistic to ask China to make a commitment to emission reductions in a short term, but it is feasible to ask China to control the speed of increase in greenhouse gas

⁹⁹See article 4, item G of the Convention, <http://unfccc.int/resource/docs/convkp/conveng.pdf>.

¹⁰⁰On March 9, 2010, PRC National People’s Congress (NPC) Chairman Wu Bangguo also clearly pointed out that China should insist on the principle of “common but differentiated responsibilities” on climate change at the third plenum of the 11th session of the NPC.

emissions.¹⁰¹ According to Chandler, the American government can propose the Chinese government to reduce the speed of increase by 50% from then on to 2020, and reduce the total amount of emissions in 2050 to two thirds of the amount in 2020.¹⁰² Meanwhile, Deputy U.S. Special Envoy for Climate Change Jonathan Pershing stated when interviewed by Japanese media that the United States would not ask China and other new developing countries to reduce the total amount of greenhouse gas emissions by 2020. Later, Stern clearly agreed in his Beijing trip that U.S.-China partnership on clean energy and climate change should be enhanced based on the principle of “common but differentiated responsibilities.” Such flexibility in position indicated a return to pragmatism and multilateral cooperation on the issues of climate and carbon emissions on the part of the United States.

5.5.2.4 Argument of “Grandfathering Principles”

The “Grandfathering Principles” can trace back to the end of World War II, when the victory countries (later becoming developed countries) had considered to reestablish international system based on this principles, recognizing differentiated rights of developed and developing countries in various spheres by institutional norms. Since the start of international talks on climate in the 1990s, various allocation principles and formulas regarding rights in greenhouse gas emissions have appeared in the world, most of them are based on the Grandfathering Principles, which means to allocate initial emission rights and reduction obligations of different countries based on their current level of carbon dioxide determined majorly by the actual emissions in one specific “standard year.” The Kyoto Protocol reflects this spirit. Signatories of the Protocol agreed to take 1990 as the base year and set a goal to reduce emissions of 6 greenhouse gases (including carbon dioxide) in developed countries by 5.2% of their emission amount in 1990 at average during the period of 2008 and 2012. Clearly, the Grandfathering Principles acknowledges tacitly the reasonability of differentiated emissions in reality, matching the developmental rule of developed countries that first occupied largely global capacities of greenhouse gas emissions during the industrialization process and then returned to low carbon economy. However, as for developing countries who are still at the developmental stage of industrialization, the Grandfathering Principles mean their emission level will never reach the goal of converging per capita emissions for all human in the world. Without guaranteed conditions and capacities for emissions, they will certainly pay higher price for industrialization and take a longer time for it. The “Grandfathering Principles” only emphasize that polluters should pay for historical

¹⁰¹“Stern fanghua tanlu, zhongmei qihou tanpan zai tuishou” [Todd Stern Visited China to Explore the Way, Pushing Hands for China-U.S. Negotiations over Climate Change], <http://news.hexun.com/2009-06-10/118477760.html>.

¹⁰²Ibid.

emissions of greenhouse gases, but fail to consider realistic demands of other countries that are in different developmental stage. Therefore, China, India and some other developing countries believe “the Grandfathering Principles” are unfair to developing countries. The reason is that greenhouse gases in the atmosphere have their life term and that today’s global climate change is mainly due to accumulated effects of greenhouse gas emissions of developed countries since industrial revolution 200 years ago. Therefore, in considering current responsibilities in emission control one should trace back to historical responsibilities and from that base allocate reduction obligations, to better demonstrate the principle of fairness.

Since the 1990s, the United States has always regarded the “Grandfathering Principles” as an undisputable rule in allocating initial emission rights and reduction obligations of different countries based on their emissions in the “standard year” in international climate talks. American think tanks have no dissent on the principles. While developing countries are beyond the framework of treaties and not subject to limit of greenhouse gas emissions, such “Grandfathering Principles” only emphasize efficiency but neglect demand, and only focus on production calculation but neglect emission reduction from the consumption perspective. This method will limit the developmental speed of developing countries and take away their rights of enjoying high-level living style as developed countries do, which is unjust to them. In brief, the major difference between China and the United States lies in their different idea of emission reductions. What the United States has adopted is a global strategy for maintaining its own interest. It advocates the “Grandfathering Principles” to maintain the status quo, basing future amount of greenhouse gas emissions on its current emission amount. By contrast, China emphasizes developmental requirement and seek a cooperative win-win solution. In addition, the two countries are different in the means of international cooperation. China hopes to resolve global energy and environmental issues within the United Nations framework and through multilateral negotiations. But the United States always approach these issues from the unilateral and great power perspective, seeking to resolve them beyond the mechanism of UN framework, such as the “G8 plus 5” mechanism. On allocation of responsibilities and obligations, the United States does not want to consider the practical need of developing countries, but China considers more developmental needs of developing countries, insisting on the “common but differentiated responsibilities” principle. As the two countries have their own opinion, it is difficult for them to reach a consensus.

5.5.3 Think Tanks and Obama’s “Green New Deal”

The Kyoto Protocol finished its historical mission in 2012. In December 2007, signatories of the Convention convened their conference and passed the Bali Action Plan (BAP), which stipulated to reach a new international agreement on climate by the end of 2009. According to the Bali Road Map, this agreement requires a long-term goal for emission reductions through four pillars of mitigation,

adaptation, technology, and finance in order to prepare a solid base for new international climate system beyond 2012. The new international agreement on climate is the Copenhagen agreement. As for the United States, Obama supported the concept of Green New Deal as early as in his 2008 presidential campaign,¹⁰³ and “pledged to cap carbon dioxide emissions and reduce them 80% by 2050 and to have 25% of US energy come from renewable sources by 2025.”¹⁰⁴ Joseph Biden, Obama’s running mate and Vice President later also made a commitment in a campaign speech that once Obama was elected the United States would rejoin the post-Kyoto Protocol agreement in his term.

On January 20, 2009, President Obama mentioned his foreign policy in the inauguration speech. Global warming is the fourth of his five diplomatic issues.¹⁰⁵ Later, the Obama administration declared that the United States would implement the “green new deal.” It means to greatly develop renewable energy, use alternative energy such as using ethanol as fuel, encourage produce more fuel-saving automobile, and establish as early as possible a quantity-controllable greenhouse gas emission system. The core of the Green New Deal is the development of new energy. Its main goal is to reduce the degree of U.S. reliance on Middle East oil to zero. To ensure the effective implement of “green economy” under the “green new deal,” Obama nominated Steven Chu, a Nobel laureate and physicist advancing new technologies in climate change, as secretary of energy. Obama’s “green economy” plan includes the following parts. (1) A consumer who purchases an energy-saving car can obtain a tax deduction of \$7,000. The federal government will employ \$4 billion capital to support the automobile producers to have one million cars with hybrid power on sale by 2015. (2) Allocated quota of renewable energy in generating electricity should be realized accordingly, and renewable energy would account for 10% of electricity amount by 2012 and 25% by 2025; (3) The government supports a cap-and-trade bill system, in order to reduce emissions of carbon dioxide by 80% before 2050, the total amount of emissions will be lower than that in 1990. (4) The government will invest \$150 billion within ten years to finance studies on alternative energy, provide favorable tax treatment to relevant companies, and increase 5 million green employment positions. (5) Governments and private companies are urged to greatly invest in new energy technologies, such as plug-in hybrid electric vehicle in order to reduce American consumption on gasoline. The government will invest massively on green energy, including wind energy, brand-new promising desert solar energy array, unexhausted insulating materials and nuclear energy. (6) The government will exercise major efforts on

¹⁰³The “Global Green New Deal” was put forwarded by the United Nations Environment Program (UNEP) in October 2008. The concept was designed to deal with the economic crisis by expanding demands and stimulating economic growth through developing environmental friendly industries.

¹⁰⁴Beth Daley, “Obama Urged to Create ‘Green New Deal,’” *The Boston Globe*, November 24, 2008, <http://www.mnn.com/earth-matters/politics/stories/obama-urged-to-create-green-new-deal>.

¹⁰⁵The priorities of Obama’s five diplomatic issues are Iraq, Afghanistan, non-proliferation, global climate change, and counterterrorism. See President Barack Obama’s Inauguration Speech (English version) at <http://www.infzm.com/content/23042>.

domestic clean energy and commit itself to active control over climate change by mandatorily setting up a glass ceiling for volume of industrial greenhouse gas emissions.¹⁰⁶ To ensure effective implementation of “green new deal,” Obama selected five scientists to serve in the government. One is Harvard University Physicist John Holdren, with specialty in climate, energy, and nuclear weapons. Besides theoretic knowledge, Holdren has studied policies in relevant spheres. Obama nominated him as Co-Chair of the President’s Council of Advisors on Science and Technology (PCAST) and Director of the White House Office of Science and Technology Policy, namely, Assistant to the President for Science and Technology. Other two Co-Chairs of PCAST Committee are Harold Varmus and Eric Lander. Varmus is a cell biologist and an expert on cancer, who was a Nobel laureate in physiology and medicine. Lander is a professor of biology in the Massachusetts Institute of Technology (MIT), with specialty in human gene studies. Obama’s science team for “green new deal” also includes the abovementioned 1997 Nobel laureate in physics Steven Chu, environmental scientist and ocean ecologist Jane Lubchenco. Such a team of science has provided scientific guarantee for policy consultations for the Obama administration in responding to global warming, emission reductions and energy saving.

In August 2009, in order to promote Obama “green new deal,” Center for American Progress published a research report titled *Rebuilding America: A Policy Framework for Investment in Energy Efficiency Retrofits* commissioned by the Department of Energy. The report was co-authored by the Center’s experts and another public policy institute, the Energy Future Coalition.¹⁰⁷ This report comprehensively analyzes how the United States can adopt energy efficiency measures to establish a low carbon emission economy. It also set up a goal of developing energy efficiency industries: Retrofitting 50 million buildings—40% of American building stock—by 2020. According to the report, “reaching that goal will require \$500 billion in public and private investment but will directly and indirectly generate approximately 625,000 sustained full-time jobs and save consumers \$32 billion to \$64 billion a year in energy costs.” In addition, deep building retrofits can cut energy use by 20–40% and help 50 million households or small enterprises to reduce energy consumption and expenditure. The report has also offered a detailed analysis and specific legislation and policy proposals in the following five areas: technical assistance and capability building; retrofit financing and cost recovery mechanisms; retrofit performance standards and quality assurance; smart codes and regulations; and workforce development programs and job quality standards. In addition, the report argues that different institutions in the administration can take immediate action to support national reconstruction plan. The White House should

¹⁰⁶“Obama nengyuan zhengce quxiang ‘lüse’” [Obama’s Energy Policy Tends to Be ‘Green’], <http://news.cnpc.com.cn/system/2008/11/25/001210621.shtml>.

¹⁰⁷The Energy Future Coalition is a non-partisan public policy initiative dedicated to eliminating differences among business, labor, and environmental groups and building a bridge so as to identify new directions in energy policy. Moreover, the initiative positively provides consultancies on energy policy for the U.S. government.

coordinate among different departments with forceful leadership, and establish a special working group under the president for energy efficiency infrastructure and economic reform. Its top task is to ensure low energy cost in buildings and implement it with a comprehensive participation of the administration. The report concludes that high efficiency energy is helpful to advance productivity and competitiveness of the United States and make the country more secure and prosperous. Over time, “the public-sector role in jump starting these new energy efficiency markets can be reduced as the private sector develops improved business and finance models.” The prosperously developed brand new industry will create job opportunity in rebuilding American and bring about a world of clean energy in the future.¹⁰⁸

In addition to the above-mentioned policy idea in “green new deal” as well as a scientific team to ensure the implementation of these policies, Obama signed an *American Recovery and Reinvestment Act* on February 15, 2009, as part of a series of actions related to the new deal. The act authorizes the usage of \$ 787 billion, with new energy as one of the main areas, including the development of high efficiency battery, smart power grids, carbon capture and sequestration, and renewable energy.¹⁰⁹ On June 26, 2009, House passed an *American Clean Energy Security Act* (also called House Climate Act) with a weak majority (219 vs. 212). This act stipulates that the United States should have reduced greenhouse gas emissions by 17% on the base of 2005 by 2020, and by 83% by 2050. According to the Senate version of the same act, the goal for reduction is 20% by 2020, and 80% by 2050.¹¹⁰ On October 23, 2009, Obama gave a speech at MIT to urge Congress to pass the legislation as early as possible, in order to provide necessary support for studies on clean energy and responding to climate change. According to him, study on clean energy as an alternative to oil is related to national competitiveness. From China to India, Japan and Germany, every country is competing to develop new energy; whoever wins this competition will occupy a leading position in the global economy. Obama hopes that the United States will become the leading country.¹¹¹ On November 5, 2009, Senate Environment and Public Works Committee passed the Senate version of the climate act, *The Clean Energy Jobs and American Power Act*, with a vote of 11 versus 1.¹¹² However, the Senate shelved the act afterwards.

¹⁰⁸Joseph Romm, “Rebuilding America: A Policy Framework for Investment in Energy Efficiency Retrofits,” The Energy Collective, August 15, 2009, <http://www.theenergycollective.com/josephromm/33717/46356>.

¹⁰⁹“*American Recovery and Reinvestment Act of 2009*,” http://en.wikipedia.org/wiki/American_Recovery_and_Reinvestment_Act_of_2009.

¹¹⁰“Meiguo canyiyuan kaishi jiu qihou faan jinxing bianlun” [The U.S. Senate Begins Debates over the Climate Act], <http://www.ccchina.gov.cn/cn/NewsInfo.asp?NewsId=20146>.

¹¹¹“Obama duncu guohui lifa tuidong qingjie nengyuan” [Obama Urges Congress to Promote Clean Energy through Legislation], <http://www.ccchina.gov.cn/cn/NewsInfo.asp?NewsId=19964>.

¹¹²“Mei canyiyuan huanjing weiyuanhui tongguo qihou faan” [U.S. Senate Environment and Public Works Committee Passed the Climate Act], <http://www.ccchina.gov.cn/cn/NewsInfo.asp?NewsId=20194>.

On May 12, 2010, Democrat Senator John Kerry and independent Senator Joseph Lieberman jointly proposed 2010 American Power Act (draft for discussion), as a new Senate version of the act to match the House version, but it failed to be passed in the Senate as well.

Not only has the “green new deal” faced legislative obstacles in Congress, it is criticized by some think tanks. For example, as one of major Republican think tanks adhering to free market economy, AEI expert Kenneth Green with its Energy and Environment Program believes that the cost of clean energy is much higher than traditional energy like coal and hydro electricity. From the perspective of market economics, market will naturally select low cost cheap products. Therefore, the new energy economy under Obama’s political guidance does not fit market economics. As Green argues in his working paper, “The Myth of Green Energy Jobs: The European Experience,” *Energy and Environment Outlook*, the green economy formula in Obama’s recovery act is doubtful compared with the European cases. In the case of Spain green project, its employment data suggests that one green job means a loss of 2.2 regular job positions. In the case of Italy, capital for one green job can employ 5 employees.¹¹³ Green then discusses price in European green energy. According to him, in Germany and Denmark, wind and solar energy increases household electricity price by 7.5%.¹¹⁴ Hence, Green concludes that American green economy plan will not create jobs nor stimulate economy in the United States.¹¹⁵ Even so, Obama, as president taking office in the wake of American sub-prime mortgage loan crisis, is personally eager to make green economy the new economic pillar in his term. For Obama, “energy new deal” not only requires American domestic support, but also need cooperation with big energy consuming countries—China naturally becomes the best cooperater of the United States.

Obama’s “energy new deal” has upgraded U.S.-China energy relations to an unprecedented strategic height, being one of the core issues in the two countries’ relations. On China’s participation in cooperation on climate change, the Obama administration insists that both the United States and China should take a leading role. Within one month of his inauguration, Obama sent a delegation to China headed by U.S. Secretary of State Hillary Clinton and U.S. Special Envoy for Climate Change Todd Stern. This trip considers U.S.-China cooperation on climate change as the important agenda and the upgrade of their strategic dialogue as the core issue. Among the American team, Stern’s major job is to end the dispute between the two countries regarding who should undertake more responsibilities in greenhouse gas emissions. According to Stern, China and the United States should shelve their disputes and focus on how to effectively resolve the issue of climate change. In June 2009, Stern visited China once more and had meetings with

¹¹³Kenneth Green, “*The Myth of Green Energy Jobs: The European Experience*,” *Energy and Environment Outlook*, No. 1, February 2011.

¹¹⁴Ibid.

¹¹⁵Ibid.

Chinese Vice Premier Li Keqiang and National Development and Reform Committee Vice Director Xie Chenhua. They engaged in a frank discussion on strengthening policy communication and pragmatic cooperation on climate change, energy, and environment under the two countries' S&ED framework.

In fact, in as early as April 2009 when Chinese President Hu Jintao and American President Obama met in London, the two leaders had clearly proposed to strengthen the countries' comprehensive cooperation in many areas including energy. On May 24 of the same year, U.S. House Speaker Nancy Pelosi, who is famous on criticism of human rights in China, took a delegation to visit China, focusing on energy and climate change as well. During July 14 and 16, 2009, U.S. Secretary of Energy Steven Chu and Secretary of Commerce Gary Faye Locke took a high-ranking delegation to visit China, having a dialogue with their Chinese counterparts on the two countries' common efforts on greenhouse gas reductions, preparing a bases for Obama's upcoming trip to China, new climate and energy act to be approved by the Senate, and the Copenhagen agreement scheduled for December 2009.¹¹⁶ In the following S&ED in July, energy and climate change became the core issue in the two countries' dialogue for the first time, ending up with a draft of *U.S.-China Memorandum of Understanding to Enhance Cooperation on Climate Change, Energy and the Environment*. During the same month, the two governments established a joint research center on clean energy, providing a platform for cooperation between the two countries' scientists and engineers in the sphere. On September 21, 2009, Senate Foreign Affairs Committee Chairman John Kerry, a Democrat, said that key for reaching a global agreement on climate change is that China and the United States agree with each other. According to Kerry, if the two governments can reach an agreement, Congress will support it and other matters will be resolved quickly.¹¹⁷ Afterwards, in Obama's trip to China during November 15 and 18, clean energy, world economic and financial crisis, and global nuclear weapons have become the three major issues. During a face-to-face dialogue with Chinese youths in Shanghai, Obama mentioned many times that the United States and China are the two greatest countries in emissions of greenhouse gases, including carbon dioxide. But because China has much more people in poverty, it does not need to take the same action as the United States. However, as for how to reduce greenhouse gas emissions, both countries need to undertake certain obligation. Obama said that he would exchange his view with President Hu Jintao, discussing how could the United States and China exercise the leading role,

¹¹⁶On November 15, 2009, U.S. Energy Secretary Steven Chu, Chinese Minister of Science and Technology Wang Gang, and Chinese National Energy Agency Administrator Zhang Guobao launched the U.S.-China Clean Energy Research Center (CERC), which was aimed facilitating joint research and development on clean energy technology by teams of scientists and engineers. The two countries will co-fund \$150million to the Center, which prior areas include building efficiency, clean vehicles, and advanced coal technology.

¹¹⁷“Obama jianpai: nan zai zhengqu canyiyuan” [Obama's Emission Reduction: Difficulties Lie in Senate], *Diyi caijing ribao* [China's First Financial Daily], September 24, 2009, <http://www.1cfn.com>.

as other countries in the world were waiting for the decision of the two countries.¹¹⁸ In the following Hu-Obama meetings the two sides had both a-small-scale and a-big-scale discussions on the Copenhagen Accord. The China-U.S. Joint Statement released on November 17, 2009, fully discussed climate change, energy, and environment in its fifth part. On November 26, 2009, China and the United State announced their goal of emission reductions respectively. The Chinese government formally declared that it would reduce carbon dioxide emissions by 40% to 45% per unit GDP by 2020 compared with the figure in 2005. Chinese Premier Wen Jiabao attended the December 9 Copenhagen conference on climate change with this specific goal. Meanwhile, the United States declared it would reduce the emission amount of Greenhouse gases by 17% by 2020 on the 2005 base; reduce the amount by 30% by 2025, 42% by 2030, and 83% by 2050.¹¹⁹

From Obama's proposal of "green new deal" to China-U.S. dialogue and cooperation on new energy and environment issues, disputes among American conservative, moderate, and liberal think tanks have never stopped. As early as June 4, 2009, Carnegie expert Chandler gave a testimony on U.S.-China cooperation on climate change and energy before the Senate Foreign Relations Committee. He said, U.S.-China cooperation should not be regarded as a threat to any country's leadership on climate change or a threat to global cooperation. But their cooperation should not challenge current or the planned cap-and-trade system.¹²⁰ At this hearing, Brookings Kenneth Lieberthal also took a positive view on the prospect of U.S.-China cooperation on energy. On July 28, 2011, AEI fellow Green gave a testimony before the Senate Committee on Health, Education, Labor and Pension. In the testimony, he once again argued his points based on his working paper, *The Question of Green Jobs: The European Experience*. He concluded that the current administrations' plan to create employment through green economy was simply a myth. The European experience in pursuing new energy sources has indicated that green economy cannot ensure sustainable development nor stimulate economy. Judging from the current development of green economy, the plan lacked of deliberation.¹²¹ From the testimonies offered by experts of various think tanks, one can predict that if Obama's green economy fails to win effective supports of big think tanks, China-U.S. cooperation on new energy sources will be impacted and interdependence of the two countries on climate change and environmental projection will also be weakened. If it does win supports of big think tanks, the outcome will be totally different.

¹¹⁸“Gongtong zouguo de rizi: Barak Obama zongtong yu zhongguo qingnian mianduimian” [Common Memories: President Barack Obama Face to Face with Chinese Youth], *Separate Edition of Consulate General of the United States of America in Shanghai*, pp. 13–18.

¹¹⁹The United States announced its emission reduction plan on November 25. Due to the time difference, November 25 in America is November 26 of Beijing time.

¹²⁰William Chandler, “Challenges and Opportunities for U.S.-China Cooperation on Climate Change,” Testimony before the Senate Committee on Foreign Relations, June 4, 2009.

¹²¹Kenneth Green, *The Question of Green Jobs*, Testimony before the Senate Committee on Health, Education, Labor and Pension, July 26, 2011.

5.6 Conclusion

In 1994, a great scholar in environmental studies Lester Brown wrote the above-mentioned *Who Will Feed China?* This book provided theoretic evidence and core empirical text supporting the then popular argument of “China threat to environment” under the general argument of “China treat” within American academic and political circles. Since then, China’s environmental and energy issue has formally become one of the major issues in U.S. China policy. When the Clinton administration organized relevant think tanks to have comprehensive and deep evaluation of the China issue in May 1996, the argument of “China threat to environment” has stimulated three kinds of thought in American political and academic circles: pushers, cooperators, and worriers. Amid the debates among the three sets of ideas, pushers coming mainly from the Heritage Foundation and the AEI opposed the principle of “common but differentiated responsibilities,” insisting that China undertake the same responsibilities like other developed countries. They therefore opposed the Bush administration implementing the Kyoto Protocol and accepting any agreements that would exempt China from obligation in carbon emissions reductions. They insist that America exercise necessary control of technology transfer to China. The direct outcome of the pushers were the Bush administration’s declaration of not implementing the Kyoto Protocol, the failure of CNOOC in a bid for purchase of Unocal in 2005, and the U.S. listing China as a special country separately in 2007, increasing in particular 47 controlled items like aircraft engine for exportation, therefore forcing Chinese users to give up importation of American products and leading to China’s long severe sufferings from the U.S. high-tech control.

However, cooperators dominate in the Brookings, Asia Foundation and the Wilson Center. Scholars and experts there always take a positive and optimistic attitude on U.S.-China cooperation on the environmental issue. As mentioned above, a series of working reports written by senior fellows such as Kenneth Lieberthal, Erica Downs, and Jennifer Turner, as well as their testimonies on Congress have effectively promoted the Clinton administration’s policy of comprehensive engagement with China and the Obama administration’s policy of America-China cooperation on energy under the “green new deal” framework. With the policy orientation of comprehensive engagement and U.S.-China energy cooperation, the two countries signed a series of protocols on energy and environmental cooperation. When U.S. Vice President Gore visited China in March 1997, the two countries began to incorporate their environmental cooperation into the category of energy cooperation. During Chinese President Jiang Zemin’s October 1997 to the United States, the two countries signed an Initiative for China-U.S. Cooperation in Energy and Environment. During Clinton’s 1998 trip to China, the two parties signed *Letter of Intent on Urban Air Quality Monitoring Project*. Similar agreements and letters of intent include *U.S.-China Peaceful Uses of Nuclear Technology Agreement* (1998); *Statement of Intent for Cooperation on Nuclear Nonproliferation and Security* (2003); *Green Olympic Protocol for*

Beijing's 2008 Olympic Games (2004); *Preliminary Agreement Aimed at Increasing Cooperation on Nuclear Non-proliferation, Security and Counterterrorism* (2004); *U.S.-China Memorandum of Understanding on Energy Policy Dialogue* (2004); *U.S.-China Westinghouse Nuclear Reactor Agreement* (2006); *Memorandum of Understanding on Strengthening Cooperation in the Area of Biomass Resources Conversion for Fuel* (2007); *Ten Year Framework for Cooperation on Energy and Environment* (2008); *Protocol between the Department of Energy of the U.S and the Ministry of Science and Technology and Ministry of Energy of China to Establish the U.S.-China Joint Clean Energy Research Center* (2009); *EcoPartnerships Implementation Plan* (2010); *U.S.-China Memorandum of Understanding to Enhance Cooperation on Climate Change, Energy and the Environment* (2010); and *U.S.-China Strategic Forum on Clean Energy Cooperation* (2011).

In addition, these cooperators joint their efforts with the “integrators” (advocates of integrating China into the global regime) on the issue of China in the United States and actively promote the establishment of mechanisms of U.S.-China strategic dialogue and S&ED. Judging from the following accomplishment, the institutionalization of dialogue has increased mutual interdependence of the two parties, cultivate their mutual trust, and resolved their misunderstanding and possible conflict due to information asymmetry and miscommunication. According to the third part of the *Joint Statement of Outcomes* of the first round of China-U.S. strategic and economic dialogue in 2009, China and the United States as the greatest countries in energy production and consumption face the same challenge and share the same interest in responding to climate change, developing clean and efficiency energy sources, protecting environment, and ensuring energy security. Therefore, the two parties drew an understanding memorandum on climate change and cooperation in energy and environment, preparing to cooperate in eight specific areas, including strategic and policy discussion and cooperation on climate change, pragmatic solution of transition toward low carbon economy, joint research, development and application of energy technology as well as its transfer, specific cooperation programs, capability-building and public awareness enhancement to adapt to climate change, and pragmatic cooperation between bilateral cities, universities, and states/provinces responding to climate change. In 2010, the two parties signed eight cooperation agreements in the second round of S&ED, including 26 products in details in the areas of energy and application of nuclear energy. Among the list of outcomes of the third round of dialogue in 2011 are 13 specific cooperation programs in the part of climate change, and energy and environment cooperation (part five). The two countries have signed or resigned six agreements on developing new green cooperative partnerships under the framework of *Ten Year Framework for Cooperation on Energy and Environment* and *EcoPartnerships Implementation Plan*.

Worriers take a swing position on the issue of U.S.-China energy and environment cooperation, and insist on “pushing plus engagement and cooperation.” This idea has impressed deeply on American China policy on environment and energy. Worriers in the Center for a New American Security, the SAIS and the

Carnegie propose an even-handed “pushing plus engaging” policy, which is well received by the like-minded policymakers in U.S. State of Department and representatives on Capitol Hill. One typical example is that China and the United States signed an agreement on *U.S.-China Peaceful Uses of Nuclear Technology Agreement* in 1985 but without substantial progress afterwards. When President Jiang Zemin visited America in 1997, the two leaders reached an agreement on *U.S.-China Peaceful Uses of Nuclear Technology Agreement* at their summit in Washington, DC. However, the real implement of the agreement did not occur until 2003, when American Westinghouse obtained a bid in China’s third generation of nuclear electricity technology bidding. Eighteen years have passed since the signature of the first agreement back in 1985.

From the trajectory of U.S. environment and energy policy to China under the influences of various think tanks through the stages of agenda setting, debate and final formation, one can find an undisputable fact: Think tanks are active exporters of idea, consultative platforms for American policymakers, and advanced service tools for “theory, strategy and tactics” in domestic and foreign policymaking of the United States.

Chapter 6

U.S. Think Tank and China Policy Debates

Shengqi Wu

The end of the Cold War has brought a deep change to the international structure and weakened the strategic foundation of China-U.S. relations. Under this background, how to look at China and adjust U.S. China policy have become a debatable issue among American think tanks as well as the political and academic circles. From the end of the 1980s and the early 1990s until now, the perceptions of China in American think tanks are around three fundamental issues, the so-called

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“China collapse,” “China threat” and “China responsibilities.”¹ Such a debate has not finished yet. To learn the views of various think tanks and main scholars can help us understand deeply the perception of the United States regarding China’s rise and U.S.-China relations.

6.1 Think Tanks and Debates on “China Collapse”

The argument of “China collapse” started in the early post-Cold War period and became popular in the 1990s. Some American politicians and scholars then thought China would be fragmented as the former Soviet Union and East European socialist countries did. The main viewpoints of “China collapse” are in two dimensions: the collapse of Chinese Communist regime and the collapse of Chinese economy. According to the former, China’s current political system is fragile and unsustainable and will eventually evolve into American and European style of parliamentary democracy; according to the latter, the development of Chinese economic is unsustainable and will finally lead to social collapse. The “China collapse” argument takes a pessimistic attitude to China’s political system and economic development. While Portland State University Hatfield School of Government assistant professor and *Journal of Democracy* Editorial Board Member Bruce

¹The main works studying American perceptions of China in general and China threat in particular in the post-Cold War era include: Aaron L. Friedberg, “The Future of U.S.-China Relations: Is Conflict Inevitable?” *International Security*, Vol. 30, No. 2, Fall 2005, pp. 7–45; David L. Rousseau, *Identifying Threats and Threatening Identities: The Social Construction of Realism and Liberalism* (Stanford, CA: Stanford University Press 2006), pp. 148–208; David Scott, *China Stands Up: The PRC and the International System* (London and New York: Routledge, 2007), pp. 116–120; Steve Chan, *China, the U.S., and the Power-Transition Theory: A Critique* (London and New York: Routledge, 2008); Suisheng Zhao, ed., *China-U.S. Relations Transformed: Perspectives and Strategic Interactions* (London and New York: Routledge, 2008); Robert S. Ross and Zhu Feng, eds., *China’s Ascent: Power, Security, and the Future of International Politics* (Ithaca, NY: Cornell University Press, 2008); Rex Li, *A Rising China and Security in East Asia: Identity construction and security discourse* (London and New York: Routledge, 2009), pp. 3–30; Richard Rosecrance and Gu Guoliang, eds., *Power and Restraint: A Shared Vision for the U.S.-China Relationship* (New York: Public Affairs, 2009). The main works studying American perceptions in this regard include Wenzhao Tao, *Zhongmei guanxishi (1972–2000)* [A History of China-U.S. Relations] (Shanghai: Shanghai People’s Press, 2004), pp. 282–297; Liu Xiaobiao, *Changshuai zhongguo de beihou* [Behind Discrediting China] (Beijing: China Social Sciences Press, 2002); Lu Gang and Guo Xuetang, *Zhongguo weixie shui?—jiedu zhongguo weixielun* [China Threatens Whom?—Interpreting the China Threat Argument] (Shanghai: Xuelin Press, 2004); Shi Aiguo, *Aoman yu pianjian—dongfang zhuyi yu meiguo de zhongguo weixielun yanjiu* [Arrogance and Prejudice—A Study on Orientalism and American Argument of China Threat] (Guangzhou: Sun Yat-sen University Press, 2004); Zhu Feng, “Zhongguo Jueqi yu zhongguo weixie—meiguo yixiang de youlai” [China Rise and China Threat—The Causes of American Image], *Meiguo yanjiu* [American Studies Quarterly], No. 3, 2005; Jiang Xiaoyan and Xinqiang, *Meiguo guohui yu meiguo duihua anquan zhengce* [American Congress and U.S. China Policymaking on Security] (Beijing: Current Affairs Press, 2005), Chap. 3.

Gilley and Harvard University professor Roderick MacFarquhar are pessimistic about China's political system, Dan Blumenthal at the Heritage Foundation and Chinese American Lawyer Gordan Chang are pessimistic about Chinese economy.² After China entered into the WTO, its economic development is persistent, rapid and healthy, and the argument of "China collapse" has gradually become a "cold joke" among think tanks and the academic circle, even though the argument has not faded out completely.

Unlike the advocates of "China threat," the mainstream scholars take a positive attitude to China's development in the future. According to them, although Chinese economic development has faced a series of challenges and difficulties since the mid-1990s, the Chinese government adopted a series of effective measures to ensure its sustainable, stable and rapid economic development, creating a development model with Chinese characteristics. Meanwhile, the Chinese Communist Party has promoted ideological and institutional innovations. Not only has China's political system not collapsed, it has also demonstrated a very strong resilience. The representative scholars of this view are Johns Hopkins University School of Advanced International Studies David M. Lampton (director of China Studies), Brookings Institution Thornton China Center former director Kenneth Lieberthal, The George Washington University professor David Shambaugh and Bruce Dickson, University of Wisconsin at Madison professor Melanie Manion, Chicago University professor of Political Science Dali Yang, PIIE senior fellow Nicholas Lardy, CSIS fellow Bates Gill and Derek Mitchell, and Carnegie Senior Associate Albert Keidel. Among the scholars above, some focus their discourse on the resilience of Chinese political system after continuous reforms and innovations, and others focus their analyses on how has China's opening and economic reform promoted the sustainable development of Chinese economy.

6.1.1 Chinese Political System: "Collapse" Versus "Resilience"

6.1.1.1 Argument of "Collapse" of Chinese Communist Regime

Since the end of the Cold War, part of American scholars, impacted by the popular argument of "the end of history" in the wake of fragmentation of the Soviet Union, have embraced "a mission of bringing Western parliamentary democracy to China" and downplayed the accomplishment of China's political reform since the early 1990s. They have taken for granted that China's political system can no longer provide farsighted goals and guidance for that country's economic construction and social development. They believed the Chinese Communist regime was unsustainable. This is the argument of "Chinese Communist Regime collapse."

²See David Shambaugh, *China's Communist Party: Atrophy and Adaptation* (Berkeley, CA: University of California Press, 2008), pp. 25–32.

In the early period of the post-Cold War, some scholars believe that China was at the brink of territory splitting, political collapse, and democratic revolution and that China would follow the Soviet Union suit. They took a pessimistic view of China's future and lacked confidence on U.S.-China relations.³ For example, Peter Ferdinand argued in an article in *International Security* in April 1992 that the Chinese communist regime would collapse following the disintegration of East European and Soviet communist regimes.⁴ Gerald Segal argued in 1994 in his book *China Changes Shape: Regionalism and Foreign Policy* that the rise of local economic protectionism would lead to political localism and even military disintegration, ending up with national splitting.⁵ Shaun Breslin believed that with the development of market economy and decentralization of the central government, provinces had gained more and more autonomy in economic development policymaking, with the rise of local protectionism. This would reduce the central government's management capability in national economy.⁶

Since the mid-1990s, despite the rise of the argument of "China threat," the argument of "China collapse" still refuse to fade out. Gordon Chang is a representative figure of this view, arguing about it endlessly. In his book *The Coming Collapse of China*, Chang predicts, like a fortune-teller, that China will collapse in the first decade of the new millennium. He says in the end of book that over the past 20 years up to 2000, the Chinese regime had been struggling to deal with the change of time. But because it could not satisfy basic requirements of the people most of time, its collapse is a matter of time.⁷ Chang's remarks have totally sidetracked from academic research, becoming a pure political bias. Undoubtedly, his view cannot represent the mainstream of American academia, and is questioned and criticized by many American scholars, being relegated as a "cold joke." Even so, Chang still adheres to his own prediction in 2001.⁸

Chang is not the only one predicting the collapse of Chinese communist regime. Famous Harvard University professor of Chinese history Roderick MacFarquhar and University of California at Los Angeles professor of political science Richard Baum take the similar view. Unlike Chang, both MacFarquhar and Baum emphasize the fragility of the Chinese regime, having a reservation regarding whether the regime will surely collapse. For example, MacFarquhar gave a speech

³Quoted from Harry Harding, *A Fragile Relationship: The United States and China since 1972* (Washington DC: The Brookings Institution, 1992), p. 291.

⁴Peter Ferdinand, "Russian and Soviet Shadows over China's Future," *International Affairs*, Vol. 68, No. 2, April 1992, pp. 279–292.

⁵Gerald Segal, *China Changes Shape: Regionalism and Foreign Policy* (Adelphi Paper 287) (London: Brassey for IISS, 1994).

⁶Shaun Breslin, *China in the 1980s: Centre-Province Relations in a Reformed Socialist State* (Basingstoke: Palgrave Macmillan, 1996).

⁷Gordon Chang, *The Coming Collapse of China* (New York, NY: Random House, 2001), pp. 284–285.

⁸Gordon G. Chang, "Halfway to China's Collapse," *Far Eastern Economic Review*, Vol. 169, No. 5, June 2006, p. 25, p. 28.

at a seminar on U.S.-China relations at the Aspen Institute in 2002. According to him, although Chinese economy has indeed achieved amazing progress, crisis exists in the political system. The regime is very fragile. On November 22, 2005, MacFarquhar repeated his view in a speech titled “Why Leadership Analysis Counts?” delivered at the Carnegie. In a U.S. China policy debate sponsored by the Carnegie on October 5, 2006, he was assertive that “the [Chinese] political system is fragile.”⁹

The mainstream of American public opinion survey institutions have poll greatly different from the views of Chang and MacFarquhar. For example, on July 22, 2008, the Pew Center for the People & the Press had a survey on public opinion in China, it found out that while corruption is seen as a problem, most Chinese (65%) believe the government is doing a good job on issues that are most important to them.¹⁰ The Center’s survey during 2005 and 2009 shows, 88–95% of the Chinese respondents took a favorable view of China and had a faith in that country’s future development: 88% for the year of 2005, 94% for 2006, 93% for 2007, and 95% for both 2008 and 2009.¹¹ These data are undoubtedly a power refutation of the argument of China collapse or China fragility. Especially since the outbreak of global financial crisis, the Chinese government has timely adopted measures to stimulate economy and overcome negative impact of the crisis. Meanwhile, China has continuously strengthened its comprehensive national capacities, advanced its international status, and improved its international image. These have really rebutted the above mentioned weird arguments.

6.1.1.2 Argument of “Resilience” of Chinese Communist Regime

Unlike the argument of collapse of the Chinese communist region, some China experts who really understand Chinese society have recognized the communist

⁹Roderick MacFarquhar, “Why Leadership Analysis Counts,” speech at the conference “Behind the Bamboo Curtain: Leadership, Politics, and Policy,” Carnegie Endowment for International Peace, Washington, D.C., November 22, 2005. Transcript from Federal News Service, quotation on p. 12. Roderick MacFarquhar, “China’s Political System: Implications for U.S. Policy,” in U.S.-China Relations: Fourth Conference (The Aspen Institute) 17, No. 3, 2002, p. 15. “Debate 1: Is Communist Party Rule Sustainable in China? Remarks by Roderick MacFarquhar, Harvard University,” in *Reframing China Policy: The Carnegie Debates* (Washington, DC: Library of Congress, October 5, 2006).

¹⁰The Pew Research Center for the People & the Press, *The Chinese Celebrates Their Roaring Economy, As They Struggle With Its Costs*, July 22, 2008, <http://pewglobal.org/2008/07/22/the-chinese-celebrate-their-roaring-economy-as-they-struggle-with-its-costs/>.

¹¹Opinion of China: Do you have a favorable view of China?

For the survey of 2005, see <http://pewglobal.org/database/?indicator=24&survey=6&response=Favorable&mode=chart>; for that of 2006, see <http://pewglobal.org/database/?indicator=24&survey=7&response=Favorable&mode=chart>; 2007 at <http://pewglobal.org/database/?indicator=24&survey=8&response=Favorable&mode=chart>; 2008 at <http://pewglobal.org/database/?indicator=24&survey=9&response=Favorable&mode=chart>; and 2009 at <http://pewglobal.org/database/?indicator=24&survey=10&response=Favorable&mode=chart>.

party's efforts in theoretic and institutional innovations as well as the accomplishments achieved. They do not think the regime will collapse. Rather, it has demonstrated its strong adaptability. For example, University of Wisconsin professor Melanie Manion wrote an article to analyze the retirement system of high-ranking party leaders in 1993, believing this system is greatly helpful to maintain a stable power transition on the top and ensure the party regime's sustainable development in the long run.¹² Columbia University professor Andrew Nathan emphasizes in a series of China policy debate hosted by the Carnegie in 2006 that the Chinese Communists has strengthened its ruling status by enhancing its ruling capability and effectively handling social contradictions, thus displaying a strong resilience.¹³

Peterson Institute for International Economics (PIIE) former director Fred Bergsten and senior fellow Nicholas Lardy, together with CSIS senior fellow Bates Gill and Derek Mitchell co-edited a book titled *China: The Balance Sheet—What the World Needs to Know Now About the Emerging Superpower* in 2006, analyzing China's current circumstances and challenge from political, economical and security perspectives.¹⁴ They have raised up a question in view of China's domestic politics and social reform: Will China further move to Western democratization path or experience "political and social chaos?" They recognize that the Chinese government does face a series of tough domestic issues like public dissatisfaction, corruption, environmental pollution, aging population, and educational and medical reforms. However, they believed that Chinese leaders under President Hu Jintao then were taking active measures to resolve these problems. For example, Chinese leaders have to some degree opened intra-party democracy and grassroots elections, better coordinated central-local relations, and allowed for activities of nongovernmental organizations (NGOs). Meanwhile, China has made big progress in promoting the rule of law, improving human rights and citizen rights, and opening religious freedom. As China further opens itself to the world, it will continue to promote political reform. The authors, however, also point out that China is almost unlikely to follow the path of Western democratization in advancing its political reform and social openness, at least in a short term. They observe that currently few Chinese people support taking the trajectory of Western democratic development. Most Chinese are more concerned about some urgent social issues, including economic opportunities, clean government, and social stability. In debates among

¹²Melanie Manion, *Retirement of Revolutionaries in China: Public Policies, Social Norms, Private Interests* (Princeton, NJ: Princeton University Press, 1955).

¹³Andrew J. Nathan, "China's Changing of the Guard: Authoritarian Resilience," *Journal of Democracy*, Vol. 14, No.1, January 2003, pp. 6–17. Andrew J. Nathan, "Reframing China Policy: The Carnegie Debates. Debate 1: Is Communist Party Rule Sustainable in China?" (Washington, DC: Library of Congress, October 5, 2006). Remarks by Andrew Nathan, professor of political science, Columbia University.

¹⁴Fred Bergsten, Bates Gill, Nicholas Lardy, and Derek Mitchell. *China: The Balance Sheet—What the World Needs to Know Now About the Emerging Superpower* (New York: Public Affairs, 2006).

Chinese political elites, democracy deficit is a concept frequently talking about. In view of that Russia, Indonesia and Iraq blindly introduced Western democratic systems to their countries and led to political chaos and economic difficulty, the Chinese social elites are very concerned about such democracy. The authors conclude that the United States must face the fact that in a short term China will not only relieve from great turbulence in domestic politics, but also become more stable. For them, the Chinese society will become more open, fair, stable and prosperous. Facing such a China, the United States must start from the reality and develop its cooperative relationship with that country, taking reasonable expectation when making China policy.¹⁵

The George Washington University China expert David Shambaugh published a book in 2008, *China's Communist Party: Atrophy and Adaptation*. As he clearly puts out in the book, the Chinese Communists no longer tightly controls all dimensions of social life as it did during the period of planned economy. Rather, the party has continuously adopted future-oriented measures and displayed its great flexibilities and adaptability, keeping pace with the time.¹⁶ According to Shanbaugh, to discuss China's future, it is impossible to avoid the subject of the future of the Chinese Communist Party (CCP). He does not agree with some other American scholars' view that the CCP is still a Leninist party sticking to the unchangeable rule and being extremely conservative. According to him, the CCP has taken the lesson from dramatic changes in East European countries and the disintegration of the former Soviet Union, and insisted on reform and opening strategy, while keeping touch with the West. Shambaugh argues that the CCP has demonstrated great flexibility in ideology and strong motivation for institutional innovation in organization. In other dimensions, the party has stably advanced people's living standard and controlled media to a certain degree, trying its best to avoid voice for political plurality and European democratic system. The CCP allows the private entrepreneurs to join the party and enhance its power base. As regards to intra-party corruption, the party also adopts severe measures lest it damage its image. In addition, the CCP has established a relatively mature power succession and retirement system. As Shambaugh says, many Westerners attempt to find out any possible clue that is sufficient to suggest that the CCP will collapse, but they are doomed to disappoint themselves.¹⁷

¹⁵China, *The Balance Sheet*, 2006, pp. 71–72.

¹⁶David Shambaugh, *China's Communist Party: Atrophy and Adaptation* (Berkeley, CA: University of California Press, 2008), p. 4.

¹⁷David Shambaugh, *China's Communist Party: Atrophy and Adaptation*, April 2, 2008. Editorial Review from *The Washington Post*, 2008.

6.1.2 *Chinese Economic Development: Argument of Collapse Versus Sustainability*

6.1.2.1 **Argument of Economic Collapse**

Around the Asian financial crisis in 1997, the argument of “China collapse” was popular in the West for a while. According to this argument, Chinese economic development model featured by high investment and low production, and based on cheap labors and massive energy and resource depletion is entering into the lane end. Meanwhile, China faces many structural factors breaking economic growth, such as difficulties in state enterprise reform, environmental pollution, and inflexibility of financial system. While China has maintained a high growth for close to 20 years, it is difficult to sustain and will eventually become the last piece of the Dominos in the Asian financial crisis. The most typical post-crisis argument of China collapse is undoubtedly the book—*The Coming Collapse of China*—written by Chinese American lawyer Gordon Chang. In the book, Chang heavily denounces China’s financial system. He says that China’s top four state banks—Industrial and Commercial Bank of China, Agricultural Bank of China, Bank of China and China Construction Bank—have fallen into a dilemma without a way out because of severe bad debts. That the state banks can still survive for a while is majorly because of ordinary Chinese people’s saving based on very low consumption. Chang thinks that with China’s entry into the WTO foreign banks will come to China, and Chinese people will deposit their savings in them, thus the closure of Chinese state banks will become an issue in reality. Chang also asserts that after China’s entry into the WTO, Chinese territory will decrease greatly, resulting in an unavoidable trade deficit. Economic downturn is in the vicinity and a long-run economic decline is unavoidable.¹⁸

On February 2, 2002, Chang again wrote an article on Taiwan’s *China Times* to enrich and sell his thesis of China collapse. In the article titled “Shock of China’s Entry into the WTO will Necessary Lead to the Country’s Decline,” Chang argues that China’s entry into the WTO of course has its advantages, but they will not come until China achieves effects of structural reform. The most severe effectiveness will shock China in a few years to come, featured mainly by more closure of enterprises, more unemployed, and more social instability and chaos. Chinese enterprises, from banking to retails to textiles have not prepared well for global competition. Worse, the timing of China’s entry into the WTO was not good, as Western developed countries, from North America, West Europe to Asia, have clearly face economic decline as a whole since summer 2001. The outbreak of the September 11 only made global economy even worse. Chang claims as Chinese economy declines, social order will disappear altogether.¹⁹

¹⁸Gordon G. Chang, *The Coming Collapse of China* (New York: Random House Group, 2001).

¹⁹Gordon G. Chang, “China’s Coming Decline under the Impact of TWO Entry,” *China Times*, February 2, 2002.

Following Chang, Chinese Economy Journal chief editor Joe Studwell published a book in April 2002 titled *The China Dream: The Elusive Quest for the Greatest Untapped Market on Earth*. According to him, the Chinese economy looks like a building on sands and is doomed to collapse. He says that almost all transnational companies investing in China are cheated. They come to China with an illusion and end with “their dreams turn to dust.” Studwell argues that since Deng Xiaoping’s southern trip in 1992, overseas Chinese and foreign transnational companies have rode on a new round of investment wave in China. However, with administrative interference of the Chinese government and the existence of some pillar industries under its protection and support, such as finance, construction, electronic communication and automobile, foreign enterprises will necessarily face structural obstacles and unfair competition. Foreign capitals can only survive in the margin and develop in the area where socialist economy is either uncompetitive yet or with weak competitiveness. Studwell further predicts that Western countries’ huge investment in China will turn to dust and that China’s high-speed growth promoted by massive public and foreign investment is unsustainable. The China dream in the West will be broken when Chinese economy faces a crisis.²⁰

The swift development of Chinese economy after the WTO entry has completely woken the daydream of these millennium predictors with an unhealthy mindset. Even so, some China observers in the United States still maintain the argument of China collapse. They exaggerate challenge and difficulties in the period of China’s social transition and take a pessimistic attitude on the future of Chinese economic development. For example, Carnegie former senior associate Minxin Pei doubts that China’s development is sustainable in his book *China’s Trapped Transition* published in 2005.²¹

6.1.2.2 Argument of Economic Sustainable Development

While Chang’s argument of China collapse has gained some market in the United States, majority commentators do not agree with such non-mainstream opinion. Many scholars have published books and articles with an optimistic view of the sustainability of Chinese economic development, forcefully rebutting the argument of “China collapse.” For example, the famous economist Nicholas Lardy published a book titled *Integrating China into the Global Economy* in early 2002. According to him, China’s forcible reforms on trade system before its WTO admission have greatly promoted swift development of Chinese economy. In fact, China had become the most open developing country in the world before joining the WTO, being the world’s seventh largest trading nation. Lardy is optimistic about China’s economic prospects after its entry into the WTO, with a great potential in advancing

²⁰Joe, *China Dream*, 2001. Quoted from Liu Xiaobiao, *Changshuai zhongguo de beiyou* [Behind Discrediting Chinas] (Beijing: China Social Sciences Press, 2002).

²¹Minxin Pei, *China’s Trapped Transition*, 2005.

economic efficiency, well above the estimate of majority economists. Moreover, WTO membership will help China to increase employment, expand export, and improve competitiveness of domestic enterprises. Probably most important, China can resort to dispute resolution mechanism of the WTO to maintain its own economic interest.²² On June 14, 2002, he published an article on *Wall Street Journal Asia* titled “Chinese Economy will growth sustainably.” As he argues, China has already undertaken various challenges in the acute market competition, and this process will continue. The increasing private sector will provider more job opportunities for layoff workers from state enterprises, and therefore the future is bright. Afterwards, Lardy expresses the similar view in several articles and books.

For example, in the above mentioned book, *China: The Balancing Sheet*, Lardy and his collaborators Fred Bergsten, Bates Gill, and Derek Mitchell offer a comprehensive analysis of China’s current circumstance and challenge it faces. In the preface to the book, the authors write that China’s political and economic rise is the important event with transformation meaning in contemporary world. It is also an important challenge to American diplomatic and economic policies. In answering whether Chinese economy can develop sustainably or collapse, they argue that Chinese economic development is amazing to the world. China’s foreign exchange reservation was to exceed \$ 1 trillion U.S. dollars by 2006, and it has attracted massive foreign investment next to the United States only. Chinese economy will be further integrated into the world economy, they continue. When the global economy is featured more and more by sciences and technology, Chinese universities have cultivated a great number of experts in engineering and technology yearly. Meanwhile, the authors also point out a lot of problems in Chinese economy. For example, China’s per capita wage is still low, only about the 5% of that in the United States; labor production rate is also low; and Chinese investment in science and technology is about 10% of that in the United States. The problem facing China currently is how to promote economic sustainable development. The authors argue that if the Chinese government can further promote economic reform and correctly handle important issues in domestic economic development within the next 5–10 years, Chinese economy will not collapse but further develop persistently.²³

Former Carnegie senior associate Albert Keidel published a report in July 2008, *China’s Economic Rise—Fact and Fiction*, expressing his optimistic view of developmental prospect of Chinese economy. According to him, the excellent performance of Chinese economic was not ephemeral, as Chinese economy had maintained a growth rate of more than 10% for several years when he wrote the report. The report points out that the growth of Chinese economy in the past three decades has been majorly promoted by domestic demand, rather than relying on

²²Nicholas R. Lardy, *Integrating China into the Global Economy* (Washington, DC: Brookings Institutions Press, 2002), pp. 132–133.

²³Fred Bergsten, Bates Gill, Nicholas Lardy, and Derek Mitchell. *China: The Balance Sheet—What the World Needs to Know Now About the Emerging Superpower* (New York: Public Affairs, 2006), p. 4, p. 19.

export. Meanwhile, China seems to be able to overcome obstacles in economic development like economic instability, pollution, gap between rich and poor, and corruption, and to gradually promote political reform. According to him, these problems facing Chinese economy will not harm its future prospect in a long run. Hence, he thinks Chinese economy can still develop fast sustainably.²⁴

On March 17, 2010, the Carnegie invited three famous economists to discuss prospect of Chinese economy in the post-financial crisis period. They are Moody's Investors Service senior vice president and Asia-Middle East regional credit officer Tom Byrne, Atlantic Council senior fellow and Harvard University Kennedy School of Governmental Affairs professor Albert Keidel, and Carnegie senior associate Pieter Bottelier. The three economists took an optimistic view of future development of Chinese economy during the discussion, moderated by Carnegie vice president Douglas Paal. They all agreed on a series of economic stimulating plans taken by the Chinese government to promote economic recovery, believing these plans, in addition to measures in reforming Chinese financial and banking system have stimulated the swift recovery of Chinese economy to a certain degree. As Byrne pointed out, China's economic stimulating plans involve comprehensive spheres and are implemented effectively. He said that China's sovereign credit rating outlook is positive because of (1) "very low vulnerability to external credit market and financial shocks;" (2) "high household and corporative savings, which can aid financial macroeconomic stability;" (3) "low government debt, which, at 17% of GDP (compared to 40–50% in emerging markets), can be financed at a reasonable interest rate," and (4) "most banks have high capital levels and non-performing loans are estimated to be less than 2%." According to Keidel, the Chinese government is "serious about rebalancing its economy" and "Chinese growth has been primarily driven by domestic demand." China's growing surplus was not the cause of the widening U.S. trade deficit with China, which was instead due to "U.S. macroeconomic policies and de facto deregulation pushing up demand." Bottelier noted that China's "well-designed and timely stimulus program has helped China climb out of the crisis quickly through a reliance on domestic demand." Although Chinese economy has difficulties in resolving inflation and local governmental debts, its prospects in the near future look good for a sustained high growth.²⁵

After the end of the Cold War, Chinese economy completed a soft-landing in the early 1990s, successfully overcame the 1997 Asian financial crisis and the 2008 global financial crisis, and marched on a stable development road. By the end of 2010, China's GDP had been the second largest one in the world. A number of facts has indicated that China is developing stably. Undoubtedly, Chinese economy faces a lot of issues in achieving sustainable development, such as resource shortage,

²⁴Albert Keidel, "China's Economic Rise—Fact and Fiction," *Policy Brief*, No. 61, July 2008, http://www.carnegieendowment.org/files/pb61_keidel_final.pdf.

²⁵Douglas H. Paal, Thomas Byrne, Albert Keidel, and Pieter Bottelier, "China's Economy in the Post-Crisis World," March 17, 2010, <http://www.carnegieendowment.org/events/?fa=eventDetail&id=2827>.

environmental worsening, aging population, and high-energy consumption. The economy in transition also faces many challenges like inflation, non-performing loans, and local debts. However, with the deepening of China's economic reform and its participation in economic globalization, Chinese capabilities in handling economic challenge and various problems as well as in crisis prevention and resistance will be gradually strengthened. In regards to promoting social harmony, the Chinese government, through many years of practice, has continuously adjusted its policies inconsistent with the requirement of the time. It has also enhanced institution building and innovation, managed social contradictions and therefore ensured social stability and harmony. As George Washington University professor Bruce Dickson argues, the Chinese government has upgraded its social governance by holding public hearing, increasing transparency in financial management, strengthening consultations in policymaking, increasing investment in medical and health area, and providing more public goods.²⁶ It is reasonable to believe that China will become more harmonious and prosperous through further reform and development.

6.2 Think Tanks and Debate on “China Threat”

When the argument of China collapse was popular, another seemingly totally different argument, China threat, had begun to appear. David Wingrove published a seven-volume book of Chinese history in 1990, which was probably the earlier work on China threat in the United States right after the end of the Cold War. In the preface to the first volume of the book, Wingrove describes by imagination a big picture of how a rising oriental giant will challenge the West and its Eastern allies like Japan and South Korea in 200 years (namely the year of 2190). It was actually the preface of a discussion of China threat among American scholars.²⁷

In 1992, the Heritage Foundation published an article “Awakening Dragon: The Real Danger in Asia Is from China” in the fall issue of its *Policy Review*. The article advanced the concept of China threat for the first time. Drafted by the Philadelphia-based Foreign Policy Research Institute Asia Program director Ross Munro, this article describes China as politically Leninism, economically capitalism, commercially mercantilism, and militarily expansionism, advancing views such as “a rising China is a challenge to American security in Asia.” The Heritage Foundation released a special news report for the article, saying that rise of China, particularly its swift development in military force, has posed a potential threat to American security and economic interest.²⁸

²⁶Bruce J. Dickson, “Updating the China Model,” *The Washington Quarterly*, Fall 2011, p. 49.

²⁷David Wingrove, *Chung Guo. The Middle Kingdom* (New York: Dell, 1990).

²⁸Ross Munro H., “Awakening Dragon: The Real Danger in Asia Is from China,” *Policy Review*, No. 62, Fall 1992, pp. 10–16.

Since the mid-1990s, with the gradual decline of the argument of “China collapse,” the argument of “China threat” has become popular. A debate around it reached a peak in 1997. The debate involves three themes: (1) Will China’s economic and military capacities pose a threat to the United States? (2) Will China’s strategic intention and developmental trend necessarily conflict with American interest? (3) Should the United States take a policy of containment or engagement toward China? The representative works advocating the “China threat” include *The Coming Conflicts with China* by Richard Bernstein and Ross Munro, *Red China Rising: Communist China’s Military Threat to America* (1999) by former CIA China expert William Triplett and former Republican Congressional policy assistant in foreign aids Edward Timperlake, *The China Threat: How the People’s Republic of China Targets America* (2000) by Bill Gertz, and *China’s Plan to Dominate Asia and the World* (2000) by Steve Mosher. The Heritage Foundation sells the idea of containing China through various channels, claiming that “China has posed a threat to peace and stability across the Taiwan Strait,” and that “China and the United States have fundamental confrontation in the outlook of the world order.”²⁹ During this great debate, a group of real China hands share the following views. First, China’s strategic goal is self-constraint, without intention for expansion. Second, China has continuously reform its political and economic systems to actively integrate itself into the international regime, observe international rules, and play the game, which all are created by the West. Third, China will not export its own ideology and advocate its own developmental model. The Brookings proposes a policy recommendation of comprehensively engaging China.³⁰ This is the mainstream voice in China policy debate of American think tanks, which has become an important factor influencing Clinton’s policy of comprehensive engagement with China in his second term.

Since October 2000, the Department of Defense has begun to submit annual report on Chinese military force to Congress according to *National Defense Authorization Act for Fiscal Year 2000*. Congress also established U.S.-China Economic and Security Review Commission (USCC) and issued annual report. Think tanks like RAND and the AEI continue to release report and commentaries on the developmental stage of China’s military modernization, advocating the China threat. The USCC often invites think tanks experts and scholars to participate in

²⁹Richard Bersten and Ross Munro, *The Coming Conflict with China* (New York: Alfred A. Knopf, 1997); Edward Timperlake and William Triplett, *Red China Rising. Communist China’s Military Threat to America* (Lanham: Regnery, 1999); Bill Gertz, *The China Threat: How the People’s Republic of China Targets America* (Washington: Regnery, 2000); Hegemon Mosher, *China’s Plan to Dominate Asia and the World* (San Francisco: Encounter Books, 2000).

³⁰Robert Ross, “The 1995–1996 Taiwan Strait Confrontation: Coercion, Credibility, and the Use of Force,” in Robert J. Art and Patrick M. Cronin, eds., *The United States and Coercive Diplomacy* (Washington, DC: United States Institute of Peace Press, 2003). Wenzhao Tao, ed., *Lengzhan hou de meiguo duihua zhengce* [The United States’ China Policy after the Cold War], Chongqing: Chongqing Publishing House, 2006, p. 341.

testimonies and write annual evaluation reports, continuing to exaggerate or twist the meaning of China's military modernization and advertise Chinese military threat.

With the breaking of the world financial crisis in the end of 2008, American economy has fallen into the most severe decline since the end of the Cold War. Under this background, American think tanks were deeply concerned about the severe challenge facing the United States. Meanwhile, although Chinese economy also suffered from the financial crisis, the Chinese government took timely and effective stimulus policy, thus maintaining a relative high speed in economic growth. By 2010, China's GDP had surpassed Japan for the first time, being number two in the world. The voice of China's economic threat long existing in American academic circle has begun to rise. The relative decline of U.S. economic capacity (as percentage in the global amount) and the persistent rapid growth of Chinese economy have stimulated a series of discussion, including discussion on China's economic developmental model. Some scholars think that China's developmental trajectory in modernization poses a challenge to the model of democratic freedom plus market economy advocated by the United States, advertising "the threat of the Chinese model."

Even so, majority American scholars do not agree. They argue that the United States should fairly and objectively treat China, and handle the two countries' relations pragmatically and reasonably. They forcefully repute the abovementioned views of China threat and maintain U.S.-China relations in a good direction. Although different voices exist in American political and academic circles, the mainstream experts in U.S. China policy still advocate cooperation and strive for mutual benefits and win-win outcome, preventing misunderstanding, misreading, miscalculation, and misperception, in order to handle together the challenge facing the international society.

6.2.1 Debate on China's Military Threat

Since the end of the Cold War, the debate around the so-called China's military threat has never stopped. The two parties in the debate have a clear dispute regarding China's strategic intention, military capacity, and whether America and China can resolve the security dilemma. Some scholars argue that China will pose a potential threat to U.S. strategic interest in Asia-Pacific as well as the world, following Chinese high growth in economy and acceleration of military modernization. In addition, China's strategic intention is nontransparent. The two countries cannot resolve their security dilemma and their strategic face-off is unavoidable. But majority scholars think China's military capacity is limited, and its strategic goal is self-constrained. In the foreseeable future, China will not pose substantial challenge to U.S. strategic and military supremacy. They argue that the two countries should increase contacts, mutual trust and cooperation, and soothe the security dilemma and adopt confidence building measures. This debate has impacted on U.S. China policy and will continue to have influence on it.

6.2.1.1 Strategic Intention: Expansion or Self-restraint?

Argument of Expansionism: A Powerful Country Inclining to Become a Hegemon

Scholars advocating the argument of China expansion look the rise of China from the perspective of power politics informed by realism. They think, first of all, international politics is a struggle pursuing power after power. Under the international system featured by anarchism, the best way to guarantee national security is to maximize power or seeking hegemony. For them, China is not an exception. Second, based on the historical experience of Western rising power, rise of power will unavoidably challenge the existing hegemon and international order. Germany in the eras of William and Hitler, and militarist Japan before the World War II were not the exceptions. For them, China, like rising powers in history, will challenge American hegemon and current international system dominated by the West.

University of Chicago professor of political science John Mearsheimer is the representative of the theory of offensive realism. He argues that great powers “are always searching for opportunities to gain power over their rivals, with hegemony as their final goal.” According to Mearsheimer, in an anarchic international system “*status quo* powers are rarely found.” For survival and security, all countries are striving to maximize their powers.³¹ It is from this perspective, Mearsheimer believe that the anarchic state in the international system will force China to pursue hegemony and challenge the United States. “If China’s economy continues growing at a robust pace,” China will be “strongly inclined to become a real hegemon.”³²

Not a few scholars agree with Mearsheimer. For example, Mosher claims in his book *Hegemon: China’s Plan to Dominate Asia and the World* that China is increasing its military buildup to challenge American leading position in Asia as well as the world. Quoting the 1994 *Annual Report on the Military Power of the People’s Republic of China* by U.S. Department of Defense, Mosher argues that the Chinese People’s Liberation Army will defeat American military in 25 years and thus chase the United State out of Asia. Mosher conjectures three steps in China’s claiming as world hegemon: initial hegemony (controlling Taiwan and South China Sea), regional hegemony (expanding scope under China’s control according to the map of Qing dynasty at its heyday), and global hegemony (replacing the United States as a world hegemon).³³ Former CIA director George Tenet pointed out in 2001 that the goal of Chinese current leaders was to maximize China’s influence in East Asia.³⁴ Under the misguidance of the logic of a powerful country inclining to

³¹John Mearsheimer, *The Tragedy of Great Power Politics*, 2001, p. 29, pp. 20–21.

³²John Mearsheimer, *The Tragedy of Great Power Politics*, p. 400.

³³Steven W. Mosher, *Hegemon: China’s Plan to Dominate Asia and the World* (San Francisco: Encounter Books, 2000), p. 26, p. 94, p. 99.

³⁴Director of Central Intelligence Agency George Tenet, “The Worldview Threat in 2003: Evolving Dangers in a Complex World,” Feb. 11, 2003, http://www.cia.gov/public-affairs/speeches/2003/dci_speech_01112003.html.

become a hegemon, many American scholars propose to establish a sort of balance in East Asia, managing the rise of China with counterbalancing measures.

Other scholars employ power transfer theory and consider the historical experience of rising power challenging existing hegemon, equating China to rising Germany and Japan in the late 19th and early 20th centuries. They concern that China may not rise peacefully. For them, in history of international relations, majority rising powers are troublemakers. With swift economic development and continuous strengthening of its military, China, like other rising power in history, will expand externally. For example, the late Harvard University professor Samuel Huntington once pointed out, “accelerating industrialization and economic development promote Britain, France, Germany, Japan, the Soviet Union and the United States began external expansion without exception.” Huntington believes that China is the same and will undoubtedly move toward the direction in next several decades.³⁵

Paul Wolfowitz, the then research fellow at the Project for the New American Century and once served as Depute Secretary of Defense in both George Bush and George W. Bush administrations, published an article “Bridging Centuries.” In the article, he equalizes China to Germany in the late 19th century. According to him, just like Germany at the era of William, China also wants to obtain its “place in the sun.” China “believed that it had been mistreated by other powers” and “determined to achieve its rightful place by nationalistic assertiveness.” And this might trigger another world war.³⁶ University of Pennsylvania professor of history Arthur Waldron believes, if the current situation continue to develop, a war will occurs in Asia sooner or later. China today seeks to chase the United States out of East Asia by intimidation, just like what Germany did before the World War I by attempting to build shipments to intimidate. New conservative theorist Robert Kagan thinks the way of Chinese leadership looking at today’s world just like what Germany Emperor William II did one century ago. Chinese leaders do not want to be constrained by the existing rules and would try their best to change the rule of international relation ahead of time, rather than being changed by the international system.³⁷

From the view that rising power challenging current world order to equating current China to Japan and Germany in the past, these scholars’ views reflect the logic of a powerful country inclining to become a hegemon. From this logic, some Blue Team members are pessimistic about China’s integration into the world order. For example, Robert Kagan published an article “The Illusions of ‘Managing’ China” in *The Washington Post*, on May 15, 2005. According to him, rarely has a rising power risen without sparking a major war that reshaped the international

³⁵Samuel P. Huntington, “America’s Changing Strategic Interests,” *Survival*, Vol. 33, No. 1, January/February 1991, p. 12.

³⁶Paul Wolfowitz, “Bridging Centuries: Fin de Siecle All Over Again,” *The National Interest*, No. 47 (Spring 1997), pp. 3–8.

³⁷Cited in Joseph Nye, “Zhongmei guanxi de weilai” [The Future of China-U.S. Relations], *Meiguo yanjiu* [American Studies Quarterly], Vol. 1, 2009, p. 15.

system to reflect new realities of power. Previous experiences in managing rising powers mainly ended up with failure. Britain and the United States once tried to assist Germany in the William era and Japan after the Meiji Restoration to enter into international system, but they failed. Kagan thus believes it is doubtful that China can be successfully integrated into current global political and security system.³⁸

Atlantic Monthly senior reporter Robert Kaplan has a similar view. He published an article titled “How We Would Fight China” in June 2005. According to him, the American military contest with China in the Pacific will define the twenty-first century. He says, “For some time now no navy or air force has posed a threat to the United States. However, the Chinese navy is poised to push out into the Pacific—and when it does, it will very quickly encounter a U.S. Navy and Air Force unwilling to budge from the coastal shelf of the Asian mainland. It’s not hard to imagine the result: a replay of the decades-long Cold War.” He further points out, whenever great powers have emerged or re-emerged on the scene in history (Germany and Japan, for example), “they have tended to be particularly assertive—and therefore have thrown international affairs into violent turmoil. China will be no exception.”³⁹

The abovementioned logic of a powerful country inclining to become a hegemon and the unchangeable fortune based on the “historical experience” disregard Chinese idea of peaceful development and the fact that China has actively integrated itself into the current international system since reform and openness. The assertion that China will challenge existing international order and follow the suit of Germany and Japan in history is undoubtedly wrong. If the wrong logic is extended into U.S. China policy, it is obviously harmful. Just as Chinese American scholar Steve Chan points out, some U.S. Asia experts doubt about the appropriateness of employing power transfer theory derived from European diplomatic history to explain contemporary Asia, which could cause misguidance unavoidably.⁴⁰

Argument of Self-restraint

Most of the American scholars do not agree with the abovementioned thesis that the rise of a country will necessarily leading to expansion.” For them, first of all, China’s strategic goal is self-restraint, without intention or tendency for expansion. While the United States and China have various disputes, the two countries do not necessarily need confrontation. For them, rising powers may be unsatisfied with the *status quo* indeed, but China has no will to challenge the United States and the current international system. Therefore, America should accept rather than refusing

³⁸Robert Kagan, “The Illusions of ‘Managing’ China,” *The Washington Post*, May 15, 2005, <http://www.washingtonpost.com/wp-dyn/content/article/2005/05/13/AR2005051301405.html>.

³⁹Robert D. Kaplan, “How We Would Fight China,” *The Atlantic*, June 2005, <http://www.theatlantic.com/doc/200506/kaplan>.

⁴⁰Steven Chan, “Realism, Revisionism, and the Great Powers,” *Issues & Studies*, Vol. 40, No. 1, March 2004, p. 136.

China's rise. Second, historical experience of rising powers does not fit China. It is inappropriate to equate China to the rising Germany and Japan in challenging the international order in history. According to them, China insists on the idea of peaceful development, supporting the existing international system, observing current international norms, not exporting ideology, and not stationing army overseas. These facts suggest China will not follow the trajectory of expansion taken by the rising powers in history.

For example, as Ohio State University professor of political science Randall Schweller points out, the discontents of rising powers to status quo are different in terms of degree, with their goals not all the same. Some rising powers do have the ambition to overthrow the international system, change international rules and abolish international institutions that are pre-existing, but other rising powers' strategic goals are moderate and limited. They do not pursue turning-over the current international system, rules and institutions. They hope to adjust current system in a moderate way, without fundamental change of the whole system.⁴¹

George Washington University professor and China expert David Shambaugh published an article "China Engages Asia: Reshaping the Regional Order" in *International Security* in 2005. According to Shambaugh, Beijing has made efforts to reduce Washington's concern of China's rise.⁴² Boston College professor of political science Robert Ross argues that Chinese leaders and scholars have continuously remarked openly that China had no historical records in territory expansion in contemporary time, nor did it have such a will, and the majority American scholars recognize the fact.⁴³ Famous American strategist Brzezinski clearly pointed out in early 2009 when he wrote a foreign policy recommendation to the Obama administration, saying fundamentally "China is a cautious and patient country."⁴⁴

Harvard University Kennedy School of Government professor of political science Alastair Iain Johnston and University of Pennsylvania professor of political science Avery Goldstein also support the above views. For them, China today is different from that in the 1950s and the 1960s. China at present looks without any "revolutionary tendency," and it has abandoned previous inflexible ideology and the old goal of spreading over communism in Asia. China's current foreign strategy has a limited goal, including unifying Taiwan, taking back disputed territories on board, and demanding the international society to accept Chinese claim of sovereignty over some islands in the South China Sea. If these issues can be resolved

⁴¹Randall L. Schweller, "Managing the Rise of Great Powers: Theory and History," in Johnston and Ross, *Engaging China*, pp. 18–22.

⁴²David Shambaugh, "China Engages Asia: Reshaping the Regional Order," *International Security*, Vol. 29, No. 3, Winter 2004/2005, p. 95.

⁴³Robert Ross, "China as a Conservative Power," *Foreign Affairs*, Vol. 76, No. 2, March/April 1997, pp. 33–44.

⁴⁴Zbigniew Brzezinski, "Major Foreign Policy Challenges for the Next U.S. President," *International Affairs*, Vol. 85, No. 1, 2009, p. 56.

peacefully, China can be a country relatively satisfied with the *status quo*.⁴⁵ In his 2003 article, Johnston analyzes China's foreign strategy from five dimensions. He thinks that since the 1990s China has gradually participated in international institutions and begun to accept and observe international norms with a good record. China has no intention to change current international system. In handling foreign relations, China adopts reasonable, pragmatic and self-restrained attitude and behavior. Since China is a beneficiary of current international system, it is illogical and unrealistic to consider it as a threat to the system in general and to the United States in particular.⁴⁶

Scholars who emphasize that the logic of rising powers in history does not fit China include former Secretary of State Henry Kissinger, famous China expert Chas Freeman IV, PIIIE expert Fred Bergsten, *Atlantic Monthly* senior editor Benjamin Schwarz, Columbia University professor Richard Betts, and Princeton University professor and former Deputy Assistant Secretary of State for East Asian and Pacific Affairs Thomas Christensen. Kissinger wrote an article on *Washington Post*, June 13, 2005, arguing that equating a rising China to German empire in the 20th century is wrong. He says that we always compare a rising China with the Germany imperialism in the 20th century, thus getting a conclusion that strategic confrontation between China and the United States is unavoidable and that America should fully prepare for it. This point of view is very dangerous and incorrect. Military imperialism has never been the Chinese style.⁴⁷

Chas Freeman, III, wrote a paper as early as 1998 and made the following argument. China is unlike Germany, Japan, former Soviet Union, and even unlike the United States, because China will not pursue its living space as Germany did before the World War II and neither will it pursue the so-called "predetermined fortune" proposed by the United States. China will not pursue integration of non-Han Chinese ethnics into the region under its control. Neither will it export ideology overseas. Of course, China is a not a colonial country, and it has not stationed any military into the world overseas.

Benjamin Schwarz published an article in June 2005 in the *Atlantic Monthly*. According to him, China's rise is not a threat, and the American government should handle well its relations with China. He emphasizes that China is not an expansive country, but one with "defensive mentality." It is true that China has selectively promoted military modernization programs in recent years. However, judging from the technology, equipment, and scientific aspect, Chinese military has not only fallen behind the United States, but also behind Japan and South Korea. It is

⁴⁵Alastair Iain Johnston, "Is China a Status Quo Power?" *International Security*, Vol. 27, No. 4, Spring 2003, pp. 5–56; Avery Goldstein, *Rising to the Challenge: China's Grand Strategy and International Security* (Stanford CA: Stanford University Press, 2005).

⁴⁶Alastair Iain Johnston, "Is China a Status Quo Power?" *International Security*, Vol. 27, No. 4, Spring 2003, pp. 5–56. See also, *The Rise of China and International Law* (2005); *China Turns to Multilateralism* (2006), etc.

⁴⁷Quoted from John Miller, *China & America's Emerging Partnership: A Realistic New Perspective*, translated by Dai Min (Beijing: China CITIC Press 2008), p. 143.

undoubtedly that China indeed attempts to exercise more active role in East Pacific affairs. Nevertheless, to assert that China will block sea lines, deterring Malaysia, Singapore, the Philippine, and even Japan and Australia is exaggerated too much. He emphasizes that China's rise is probably unavoidable. The United States should not stop China's rise. Rather, it should realize the huge advantages following China's rise. Otherwise, the United States is making an unnecessary enemy for itself.⁴⁸

Fred Bergsten and his collaborators point out in the book *China: The Balance Sheet* (2006) that the fact the Chinese government advances the idea of peaceful development or rise per se indicates China will not follow the suit of Germany and Japan at the turn of the 20th century to challenge existing world order. Rather, China will take a mutual beneficial and win-win road. China has no interest in pursuing regional hegemony and international leadership. China pays attention to its positive relations with the United States and does not want to make enemy with America. On North Korea nuclear issue and global energy issue, China is inclined to cooperate with the United States. China supports the basic principles of current international system and observes its norms. As China has not intention to challenge the existing international system, to consider China as Germany and Japan in history is not appropriate.⁴⁹

The abovementioned views belong to the mainstream among American think tanks, which reflect the reality of China policy, supporting American current policy of engaging China.

6.2.1.2 Military Capacity: Strengthened or Limited

Capacity Strengthened and Threat Posted

Scholars highlighting China's military threat emphasize not only will, but also capability. They think Chinese military has advanced its level in modernization with continuous strengthening of capability. This has posed a potential threat to American strategic interest in Asia-Pacific as well as the world.

First, they exaggerate China's military spending, and twist its military intention. For example, the *Annual Report on the Military Power of the People's Republic of China* that issued on July 12, 2002 claimed that China's actual military spending is close to \$65 billion U.S. dollars, even though the open-reported figure is only \$20 billion for that year. By 2000, China will have tripled or even quadrupled its military spending. The report severely twists China's strategic thinking, intentionally describing the idea of peaceful development long proposed by the Chinese

⁴⁸Benjamin Schwarz, "Managing China's Rise," *The Atlantic*, June 2005.

⁴⁹Fred Bergsten, Bates Gill, Nicholas Lardy, and Derek Mitchell. *China: The Balance Sheet. What the World Needs to Know Now About the Emerging Superpower* (New York: Public Affairs, 2006), pp. 139-140.

government as a national development plan covering Chinese ambition. The report abruptly interferes China's domestic affairs, concluding China will increase the cost of American intervention of Chinese military attack of Taiwan, considering it as one of goals in China's military modernization.⁵⁰

Second, they advocate threat of Chinese air force and missiles. The 2010 report of USCC claims that Chinese air force then had 1600 various fighters, next to only the United States and Russia and being number 3 in the world. In 2000, the third and fourth generations of fighters accounted for 2% of the total, but in 2008 the percentage has increased to 25%. In terms of non-nuclear missiles, China has 1050–1150 short-ranged (between 300 and 600 km) ballistic missiles, 85–95

⁵⁰Following the publication of *The Coming Conflict with China* by Richard and Ross Munro, some American figures continue to spotlight China's military threat. For example, the Department of Defense submit *Annual Report on the Military Power of the People's Republic of China* (except for the year of 2001) with a length of several dozens of pages, and publicize it. Reports issued by the US-China Economic and Security Review Committee, RAND reports on China's army, navy and air force development, and the AEI scholars' relevant articles are all exaggerated Chinese military buildup. In fact, when writing annual report, the Department of Defense often refers to research products of think tanks. A considerable number of people at US-China Economic and Security Review Committee come from the RAND, the AEI and other think tanks. In writing reports, the committee will hold a serial of testimonies, inviting university professors and think tanks experts. For example, the committee member Dan Blumenthal comes from the AEI, Larry M. Wortzel comes from the Heritage Foundation. Blumenthal once served as vice chair of the committee and is still its member. RAND fellow Roger Cliff gave testimonies before the committee for many times, talking a lot of China's anti-access strategy. Heritage Foundation expert John Tkacik points out at the beginning of the article Challenge of Chinese Submarine, the trend of navy development on the Pacific Ocean is worrisome. The Chinese navy will have dominated over Pacific by 2025. Heritage Foundation expert Ding Cheng talks a lot at the committee about China's defense strategy and its impact on Asia-Pacific. The Center for Strategic and Budget Assessments (CSBA) Vice President Jim Thomas gave a testimony before the committee, highlighting China's "active defense policy and its impact on Asian-Pacific region. For example, see (1) Larry M. Wortzel, "China and the Battlefield in Space," The Heritage Foundation, October 15, 2003,

<http://www.heritage.org/Research/AsiaandthePacific/wm346.cfm>; (2) Roger Cliff, The RAND Corporation, "The Development of China's Air Force Capabilities," Testimony before the US-China Economic and Security Review Commission, May 20, 2010; (3) Roger Cliff, "Anti-Access Measures in Chinese Defense Strategy," Testimony before the US-China Economic and Security Review Commission, on January 27, 2011, http://www.uscc.gov/hearings/2011hearings/transcripts/11_ (4) Roger Cliff, John Fie, Jef Hagen, Elizabeth Hague, Eric Heginbotham, and John Stilion, *Shaking the Heavens and Splitting the Earth: Chinese Air Force Employment in the 21st Century*, The RAND Corporation, 2011; (5) John J. Tkacik, Jr., "China's Submarine Challenge," The Heritage Foundation, March 1, 2006,

<http://www.heritage.org/Research/AsiaandthePacific/wm1001.cfm>; (6) Deng Cheng, "China's Active Defense Strategy and Its Regional Impact," Testimony before the US-China Economic and Security Review Commission on January 26, 2011,

<http://www.heritage.org/research/testimony/2011/01/chinas-active-defense-strategy-and-its-regional-impact>; (7) Jim Thomas, "China's Active Defense Strategy and Its Regional Implications," January 27, 2011, http://www.csbaonline.org/wp-content/uploads/2011/01/2011_01.27-Chinas-Active-Def.pdf. *Annual Report on the Military Power of the People's Republic of China*, 2002, pp. 2–5, 9–10, 55–56, <http://www.defense.gov/news/Jul2002/d20020712china.pdf>.

middle-ranged (about 1750 km) missiles, and 200–500 Changjian-10 ground-launched cruise missiles with a range of 1500 km. From this aspect, the report argues that China's increasing capabilities of air force and non-nuclear missiles have greatly limited U.S. military deployment in East Asia. China is able to attack and bomb American principal military bases in the region.⁵¹

Third, they advocate the Chinese navy development has posed a threat to American military bases in Asia-Pacific. The USCC 2009 report to Congress mainly discusses the impact of Chinese military activities overseas and China's navy modernization process on American security interest. In the part of China's overseas military activities, the report objectively evaluates Chinese participation in overseas peacekeeping, navy escort sail in the Gulf of Aden, and humanitarian aids as well as Chinese activities in military diplomacy, but concludes these overseas activities will strengthen China influence in global security area and therefore weaken American influence. Regarding China's navy buildup, the report thinks its navy modernization (particularly the anti-access and area denial strategy) will increase the cost of American intervention, threatening American military bases in Asia-Pacific.⁵²

Fourth, they spotlight the threat of Chinese invisible fighters and airplane carrier. The USCC 2011 report issued on November 16 mentions great progress of China's military modernization over the past one year. China has a pilot flight of its Qian-20 invisible fighters, a pilot sail of its first airplane carrier, and a test of its DF-21 anti-ship missiles. These developments suggest that China is trying to upgrade its power-projection capability in Asian-Pacific region. After finishing these projects, the PLA will increase its controllability in the Western Pacific region, therefore threatening American military deployed in East Asia and other regional countries when conflict arises.⁵³

In fact, China adheres to a defensive policy in national defense. The fundamental goal of Chinese military modernization is to defense national sovereignty, security, territory integrity, and guarantee national interest in development. Chinese military spending is reasonable and appropriate. Its percentage in the GDP is lower than that in the United States and some European countries. It suits the requirement of maintaining national security. China has no intension to have competition with other countries in military spending and will not pose threat to any country.⁵⁴ The abovementioned scholars and think tanks exaggerate China's military capabilities

⁵¹*U.S.-China Economic and Security Review Commission Report 2010*, pp. 73–91, http://www.uscc.gov/annual_report/2010/annual_report_full_10.pdf.

⁵²*2009 Report to Congress of the U. S.-China Economic and Security Review Commission*, November 2009, pp. 123–127, 144–146, http://www.uscc.gov/annual_report/2009/annual_report_full_09.pdf

⁵³*U.S.-China Economic and Security Review Commission 2011 Report*, Chapter 2, "China's Activities Directly Affecting U.S. Security Interests," p. 165, http://www.uscc.gov/annual_report/annual_report_full_11.pdf.

⁵⁴The People's Republic of China State Council Press Office, *Zhongguo de heping fazhan* [China's Peaceful Development] (Beijing: People's Publishing House, 2011), p. 15.

and twist its intention, overestimating the threat of Chinese missiles, air force, and navy to American security interest in Asia-Pacific. Their purpose is to ensure American absolute supremacy militarily.

Capacity Limited and No Threat Posted

As regards China's military capabilities, majority people in American political and academic circles offer a practical analysis. They believe in the foreseeable future, China will not pose a threat to the United States for three reasons. First, Chinese military falls behind the United States for at least 20 years. In a considerable time period to come, it is impossible for the Chinese military to threaten American military supremacy. Second, while China does upgrade its technologies to a certain degree in missiles, fighters, and submarines and even likely become an important force in East Asia within 20 years, military modernization is a long process. Chinese military as a whole cannot challenge American military and nor can it pose a threat to American security. Third, American military covers the whole world. Although China is obtaining its capability in long-distance projection, it is still far behind the United States.

A report issued by Council on Foreign Relations in 2003 principally analyzes scientific standard and combat capability of the Chinese military. According to the report, although China is conducting cautious and goal-clear military buildup, from the perspective of science and combat capability, Chinese military falls behind American military at least 20 years. If American military develops according to its expected speed, the United States will still command absolute supremacy in this regard in the next two decades. The report argues that China is a regional power and it may become an important military force in East Asia within next two decades, but it cannot become a global military power. In Asia, China enjoys the advantage of geographic closeness, but its navy, air force, and military technology have been always weak, while the United States is the strongest. Therefore, despite China enjoys certain supremacy in land army, the persistent existence of American navy and air force in East Asia will offset it.⁵⁵

U.S. Navy Vice Admiral and Defense Intelligence Agency Director Thomas R. Wilson gave a testimony before Senate Armed Services Committee on March 8, 2001. According to him, "Beijing recognizes that its long term prospects to achieve great power status depend on its success at modernizing China's economy, infrastructure, and human capital, and it will continue to emphasize those priorities ahead of military modernization. In addition to limitations posed by these other priorities, China's military is moving from 1960s to 1990s technology, and can probably not efficiently absorb technology upgrades at a much faster rate." China's

⁵⁵Harold Brown, Joseph Prueher, and Adam Segal, *Chinese Military Power*, Report of an Independent Task Force, sponsored by the Council on Foreign Relations and Maurice R. Greenberg Center for Geo-economic Studies. 2003, p. 2.

best military units “will probably not fully master large, complex joint service operations until closer to 2020,” and thus China cannot pose any threat to American strategic supremacy before that time point.⁵⁶

Boston College professor Robert Ross also thinks that as Chinese military is limited from realist perspective, it cannot pose threat to the United States. China’s ballistic missile technology can afford the minimum second-strike capability, unable to challenge American military supremacy. U.S. nuclear weapons in both quality and quantity will maintain a powerful deterrence against China in a long time. Chinese weapons purchased from Russia, such as submarines, fighters, and missiles as a whole cannot challenge the United States, nor can they pose threat to American security.⁵⁷

Nixon Center director Drew Thompson, Brookings senior fellow Kenneth Lieberthal, and Carnegie senior associate Michael Swaine and vice president Douglas Paal share the above views. Thompson wrote an article in *Foreign Policy* in 2010 to refute the view of Chinese military threat. According to him, while Chinese military spending over the past two decades has indeed greatly increased, with certain development in military modernization, it is not time to be panic yet. There are two reasons for it. First, Chinese military capability is insufficient to challenge the United States, and American military still has the strongest combat capability in the world. Second, Chinese military buildup cannot indicate that China has a will to confront against America. Chinese leaders have always emphasized the idea of “peaceful rise.” In addition, China has never engaged in any big-scale military actions externally since the war of counterattack against Vietnam in 1979.⁵⁸

Likewise, Lieberthal wrote an article in August 2010 to compare military force between the United States and China. According to him, American military really covers the whole global. It is the most advanced in the world. China has now begun to obtain long-distance projective capability, but still falls far behind the United States.⁵⁹ Swaine wrote an article on January 19, 2011. As he puts it, China has no capabilities to produce more advanced weapon systems in many areas, and it therefore has to rely on import from Russia. The capabilities of Chinese fighters

⁵⁶Vice Admiral Thomas R. Wilson (Director, Defense Intelligence Agency), “Global Threats and Challenges through 2015,” Statement for the Record, Senate Armed Service Committee, March 8, 2001,

http://www.globalsecurity.org/intell/library/congress/2001_hr/010308tw.pdf.

⁵⁷Robert S. Ross, “Assessing China’s Threat,” *The National Interest*, Fall 2005, pp. 83–84.

⁵⁸Drew Thompson, “Think Again: China’s Military It’s not time to panic Yet,” *Foreign Policy*, March/April 2010, http://www.foreignpolicy.com/articles/2010/02/22/think_again_chinas_military?page=0,0.

⁵⁹Kenneth Lieberthal, “Is China Catching Up with the US?” *ETHOS*, Issue 8, August 2010, http://www.brookings.edu/~media/Files/rc/articles/2010/08_china_development_lieberthal/08_china_development_lieberthal.pdf.

have continuously upgraded through purchasing advanced fighters from Russia. However, China is still backward in airplane engine design and technology, and has to rely on Russian technology and equipment.⁶⁰

Paal wrote an article on January 11, 2011, right before Chinese President Hu Jintao's visit to the United States. This article mentions the issue of China's military modernization. In answering the question "Is China's military modernization threatening U.S. power in Asia?" Paal said, "China does have new naval capabilities that it has not had—by choice—for 600 years. They now have far-flung interests and investments and trading patterns and a reliance on overseas supply of commodities that they haven't had for that time so China wants to protect those interests. So they're building their navy up." For Paal, "the Chinese military is better, it's more accurate, and its fire-power is larger, but it's not up there with United States and won't be for a long while to come."⁶¹

Undoubtedly, the practical analyses by the abovementioned experts have forcefully refuted those views that exaggerate Chinese military capabilities and that advocate the strengthening of Chinese military will threaten American interest in Asia-Pacific as well as the world. Obviously, China's military buildup has not threatened America. To consider it as a threat is inappropriate.

6.2.1.3 Can China and the United States Escape the Security Dilemma?

The Deepening of Security Dilemma

As mentioned above, some American scholars believe that with China's strategic intention seeking expansion and increasing enhancement of Chinese military, China will challenge current international system and American hegemony, posing a threat to the United States and therefore deepening U.S.-China security dilemma. According to them, the origin of war explained by famous Ancient Greek historian Thucydides in *The History of Peloponnesian War* is relevant to current U.S.-China relations. The fundamental cause that Peloponnesian War was unavoidable is the rise of Athenian state capacity and the resultant fear in the mind of people in Sparta. Therefore, Sparta and other Greek city-states had to take measures to counterbalance the Athenian Empire.⁶² In the analysis of Thucydides, two important factors leading to the war: the rise of a new state (Athens) and the panic of hegemon (city-state of Sparta). Because both sides believe the conflict is unavoidable,

⁶⁰Michael Swaine, "China's Military Muscle," Video Q & A, January 19, 2011, <http://www.carnegieendowment.org/publications/index.cfm?fa=view&id=42332>.

⁶¹Douglas H. Paal, "Calming the Storm in U.S.-China Relations," Video Q & A, January 11, 2011, <http://www.carnegieendowment.org/publications/index.cfm?fa=view&id=42274>.

⁶²Paul R. Viotti & Mark V. Kauppi, eds., *International Relations Theory: Realism, Pluralism, Globalism, and Beyond* (Boston: Allyn and Bacon, 1999), p. 58.

regarding the other side as a serious threat to itself and making military preparation, a war eventually occurred.⁶³

For these scholars, China is a rising power and the United States is the global hegemon. The U.S.-China relations are actually a relationship of strategic competition, as Robert Kagan writes about it in an article titled “Ambition and Anxiety.” The reason for the United States to be anxious of China’s rise is it fears China will challenge its hegemony in the world. According to Kagan, the United States hope to soothe China strategically and integrate China into current international political and economic systems, and thus manage China’s trajectory in development. In terms of military, America has strengthened alliance in East Asia to hedge China.⁶⁴

Not only so, these scholars also quote the comments of a famous professor of political science, John H. Herz, who creates the concept of security dilemma, to argue that the fundamental nature of international politics is anarchic state. Hence, “the state is forced to seek more power to ensure its own security so as to avoid other state’s shock. This in turn enhances other state’s panic, forcing the latter to prepare for the worst. “Striving to attain security from such attack, they are driven to acquire more and more power in order to escape the impact of the power of others. This, in turn, renders the others more insecure and compels them to prepare for the worst. Since none can ever feel entirely secure in such a world of competing units, power competition ensues, and the vicious circle of security and power accumulation is on.” That is to say, under the state of anarchy, countries lack mutual trust and fear each other, and security becomes the top priority. While absolute security cannot be guaranteed, great powers fall into an inexorable security dilemma.⁶⁵

John Mearsheimer develops the concept of security dilemma to the extreme in his book *The Tragedy of Great Power Politics*. According to him, under the anarchic state of the international system, the security dilemma cannot resolve. He says one country can never understand other countries’ intention. Great powers fear each other with mutual suspicions, worrying their security being threatened or at the brink of war. The deeper fear, the more likely a war will occur. Therefore, for the sake of survival and security, great powers will continuously expand their strategic goal, seeking maximized power until achieve hegemony. He thinks that the United States and China cannot resolve security dilemma. The fundamental reason is that anarchism in the international system forces China to seek hegemony and challenge the United States. China cannot rise peacefully. According to his prediction, the

⁶³Joseph Nye, “The Future of U.S.-China Relations” [Zhongmei guanxi de weilai], *Meiguo yanjiu* [American Studies Quarterly], No. 1, 2009, pp. 13–16.

⁶⁴Robert Kagan “Ambition and Anxiety: America’s Competition with China,” In Gary J. Schmitt, ed., *The Rise of China” Essays on the Future Competition* (New York & London: Encounter Books, 2009), pp. 15–16, p. 22.

⁶⁵John H. Herz, “Idealist Internationalism and Security Dilemma,” *World Politics*, Vol. 2, 1950, pp. 157–158. See also John Mearsheimer, *The Tragedy of Great Power Politics*, p. 36, or Xu Jia et al., eds., *A Study of International Relations Theories in America* (Beijing: Current Affairs Press, 2008), p. 391.

United States and China are likely to involve acute security competition, eventually leading to a war between them.⁶⁶

It is based on this logic that some American scholars think that not only the United States and China cannot resolve their security dilemma, but it can also deepen. For example, Princeton University professor and former Deputy Security Advisor to the President Aaron Friedberg quotes the 1992 Defense Guideline (drafted in 1991 by the then Deputy Secretary of Defense Paul Wolfowitz) to argue that the strategic goal of the United States in the post-Cold War era is to prevent any great power or unfriendly group from dominating over Eurasian mainland. Therefore, Friedberg believes that China's rapid rise is likely to intensify its competition with the United States, the two Pacific powers. Even if people do not think China's strategic goal is to replace American dominance in East Asia, they can still conclude pessimistically from the perspective of security dilemma. In other words, even if the United States and China both have a defensive macro-strategic goal, any party's measures to ensure the realization of its own goal is likely to warn the other side, resulting in countermeasures of the other side.⁶⁷

Many American scholars discuss U.S.-China security dilemma with the case of Taiwan. For example, East-West Center senior fellow and Asia expert Denny Roy as well as some other scholars believe that on the Taiwan issue the core in the mainland's strategic goal is to deter Taiwan from moving to independence. The United States is concerned that the mainland has the capabilities to use force to resolve the Taiwan issue. In order to maintain deterrence, Washington may feel necessary to increase arms sales Taiwan, or use other means to tell Beijing that America might interfere into the matter should Taiwan be attacked. But these measures will undoubtedly make Beijing worry about Taiwan's declaration of independence, and therefore take further measures to enhance military deterrence.⁶⁸ As a result, there is a vicious circle.

The principal goal of Chinese mainland's deployment of missiles is to deter Taiwanese independence. But in the eyes of some American scholars, this deployment is not only targeted at Taiwan, but also pose threat to Japan, the United States and other countries in the region. Meanwhile, American missile defense system in East Asia and Southeast Asia is aimed at protecting American friends, allies, and military base in East Asia, Southeast Asian, and the Western Pacific region. From the Chinese mainland perspective, U.S. deployment has squeezed China's strategic space in the region. If America includes Taiwan into regional missile defense system, it will severely harm China's national interest. The Chinese

⁶⁶John Mearsheimer, *The Tragedy of Great Power Politics*, pp. 32–33; 41–42, p. 400.

⁶⁷Aaron L. Friedberg, "The Future of U.S.-China Relations: Is Conflict Inevitable?" *International Security*, Vol. 31, No. 2, Fall 2005, p. 22.

⁶⁸Denny Roy, "Tensions in the Taiwan Strait," *Survival*, Vol. 42, No. 1, Spring 2000, pp. 76–96.
June Teufel Dreyer, "Flashpoint: The Taiwan Strait," *Orbis*, Vol. 44, No. 4, Autumn 2000, pp. 615–629.

Andrew J. Nathan, "What's Wrong with American Taiwan Policy," *Washington Quarterly*, Vol. 23, No. 2, Spring 2000, pp. 93–106.

side can counterbalance it by upgrading its deterrent capabilities in transcontinental ballistic missiles. These measures in turn will increase American suspiciousness. This is the security dilemma facing the two countries.⁶⁹

The abovementioned academic discourse on security dilemma has a function of warning. However, contemporary world affairs do not look like European colonial expansions in the latter part of 19th century, nor do they look like the competitions among various powers in the first part of 20th century. They are even incomparable to the U.S.-Soviet Union competitions for hegemony during the Cold War period. In contemporary world, with the gradual deepening of mutual dependence among countries, any behavior of zero-sum game will not bring benefits to any country while harming other countries. It will also harm the said country's long-term interest. The Chinese side respect American interest in Asia-Pacific, welcome the United States to play a constructive role in the region, and propose to abandon Cold War mentality of zero-sum game, increase mutual trust, decrease mistrust, misunderstanding and disputes, and ease security dilemma. Through these measures, China hope to break the spell that rise of great powers will lead to conflict and jointly create with America a situation of China-U.S. cooperation in a win-win game.

The Security Dilemma Can Be Dissolved

Quite a few American scholars think China's strategic goal is limited, without intention and tendency of expansion. Therefore, while various disputes do existed between the United States and China, they do not necessarily need confrontation. According to them, some constraining mechanisms in international politics are helpful to dissolve the security dilemma between the two countries. These include East Asia geopolitics, nuclear deterrence, the international mechanism and economically natural dependence.

According to Robert Ross, geographic factors in East Asia and the potential asymmetric two-pole structure are helpful to dissolve security dilemma between the United States and China and promote the stability of the bilateral relations. He argues that the United States is an ocean state by nature. Its interest and sphere of influence are principally located in the coastal areas of Northeast and Southeast Asia, regardless of the time, past or future. Because of the disintegration of Soviet Union and the long economic decline of Japan, the United States and China has actually become the two greatest powers in East Asia. From the perspective of bipolar stability theory proposed by Kenneth Waltz, the two countries will remain in a stably competitive state within the bipolar structure. They do have mutual

⁶⁹Michael McDevitt, "Beijing Bind," *Washington Quarterly*, Vol. 23, No. 3, Summer 2000, pp. 176-186. Thomas J. Christiansen, "Theater Missile Defense, and Taiwan's Security," *Orbis*, Vol. 44, No. 1 (Winter 2000), pp. 79-90.

mistrust, but the possibility of misperception is quite low. This asymmetric bipolar structure of international politics greatly reduces the possibility of U.S.-China conflict to occur.⁷⁰

Avery Goldstein argues that U.S.-China security dilemma will be dissolved from the perspective of nuclear deterrence stability in the article “Interpreting China’s Arrival.” According to him, the massive nuclear weapons owned by the United States and Soviet Union during the Cold War period had constrained their otherwise adventure behavior. Because of nuclear deterrence, the United States is unlikely to conflict with a rising China. For him, U.S.-China relations have entered into a mutual-deterrent period. This not only has effectively reduced the possibility of the world war, but also constrained their adventuring behavior in limited war and crisis management. Goldstein repudates the view that China’s increasing capabilities will bring about negative influence on international security. He says that these analysts have overstated the point because they cannot explain why nuclear can constrain American and Soviet Union leaders while failing to constrain high-level policy-making in the United States and China. Goldstein recognizes that China with upgrading capabilities may change the balance of the two countries to a certain degree, but it cannot guarantee a conflict between them. Even a small-scale nuclear war between the two countries would be unimaginable. From this perspective, it is not very likely for them to have military conflicts in the Taiwan Strait, South China Sea and other places in East Asia.⁷¹

Some scholars analyze China-U.S. security dilemma from the perspective of international mechanism. They think various international institutions are helpful to strengthen communication among countries, reduce strategic mistrust, increase mutual confidence, and promote cooperation.⁷² They advocate integrate China into international society, urging it to observe international norms and change policy-making behavior. For example, former National Committee on U.S.-China Relations (NCUSCR) president David M. Lampton from the SAIS points out in his book, *Same Bed, Different Dreams: Managing US-China Relations* that China has joined regional and global institutions like Asia-Pacific Economic Cooperation, Asian Regional Forum, ASEAN Plus Three, Nuclear Nonproliferation Mechanism, the WTO since the end of the Cold War. China’s increasing participation in regional and global affairs is good to increase its opportunities in contacting and exchanging with the United States. This can help to reduce misunderstanding of the

⁷⁰Robert Ross, “The Geography of Peace,” and Michael McDevitt, “Roundtable: Net Assessment—Objective Conditions versus the U.S. Strategic Tradition,” in Paul D. Taylor, ed., *Asia and the Pacific: U.S. Strategic Tradition and Regional Realities* (Newport, RI: Naval War College Press, 2001), pp. 101–105.

⁷¹Avery Goldstein, “Great Expectations: Interpreting China’s Arrival,” *International Security*, Vol. 22, No. 3, Winter 1997/98, p. 70. For general arguments regarding the presumed stabilizing effects of nuclear weapons, see Robert Jervis, *The Meaning of the Nuclear Revolution: Statecraft and the Prospect of Armageddon* (Ithaca, NY: Cornell University Press, 1989).

⁷²Robert O. Keohane, *After Hegemony: Cooperation and Discord in the World Political Economy* (Princeton, NJ: Princeton University Press, 1984.).

two parties, Lampton maintains. Moreover, the more frequently China participates in international institutions, the closer relations it has with them. This will make China gradually realize that maintaining current international system is in its interest. As member of contemporary international organizations, China enjoys benefits from them. Thus, China is not very likely to threaten international system and the likelihood of U.S.-China conflict will greatly decrease.⁷³ Lampton further developed the abovementioned view in a 2005 article titled “China’s Rise Need Not at the Expense of the US.” As he puts it, although the rise of Chinese power will necessarily challenge the United States and China’s neighboring countries, from the perspective of regional economic development and responding to current and future global challenges, Beijing’s enhanced capability will also become a strong engine. Undoubtedly, how the external world responds to China’s rise will influence on the way China uses its force. Even though the United States can adopt suitable measures to hedge against China, the focus of U.S. China policy should be integration, that is, to integrate China into current international political and economic orders.⁷⁴

Princeton University School of Engineering and Applied Science senior lecturer and former Assistant Secretary of Defense for East Asian Affairs James Shinn also agrees to increase contact with China. According to him, only through engagement, can the United States better respond to the rise of China. When serving at the Council on Foreign Relations, Shinn commissioned and edited a book, *Weaving the Net: Conditional Engagement with China*. According to the book, what has worried American scholar is whether increased foreign trade and international investment can successfully integrate China into the international society, or turn China into a rival of the western world. Does the United States need to stand by the pond and long for fish or go back and make a net? Does the United States want to prepare for the worse, going to confront with China? According to Shinn, the best way is to enhance engagement with China and shape Chinese behavior, making it development toward the direction favorable to the United States.⁷⁵

Harvard University professor Alastair Iain Johnston also agrees with Lampton on changing Chinese strategic behavior by integrating China into the international society. According to Johnston, with China’s continuous participation in various international organizations, its strategic cultural, behavior norms, and even national identity will change as well. Amid the change of Chinese strategic culture, Chinese leaders are more inclined to accept liberal regime and rules regulating international behavior. During the transformation process, the key factor is not only material calculation, but also socialization of the idea, which demonstrates that China longs

⁷³David M. Lampton, *Same Bed, Different Dreams*, p. 168. David M. Lampton, “A Growing China in a Shrinking World: Beijing and the Global Order,” in Ezra F. Vogel, ed., *Living with China: U.S./China Relations in the Twenty-First Century* (New York: W. W. Norton & Company, 1997), pp. 120–140.

⁷⁴David Lampton, “China’s Rise Need Not at the Expense of the US,” in David Shambaugh, ed., *Power Shift: the Changing Dynamics in Asia*, 2005, p. 308.

⁷⁵James Shinn, ed, *Weaving the Net: Conditional Engagement with China* (New York: Council on Foreign Relations, 1996), pp. 3–4.

for becoming a modern state accepted by the international society. Johnston say that China is recently willing to more participate in international multilateral mechanism like Comprehensive Nuclear Test Ban Treaty. This suggests China's strong will in participating in the international society.⁷⁶ By contrast, China did not want to join international organizations years ago, worrying them would constrain Chinese freedom of actions. Now that China longs for joining international organization suggest the deeper degree of Chinese participation in regional and global organizations, the more that Chinese leaders will recognize current international organizations and rules.⁷⁷

Economic interdependence helps to strengthen China-U.S. bilateral relations and promote cooperation, while diluting potential military conflict between them. Four experts at RAND jointly published an article on October 10, 2011, titled "Conflict with China: Prospects, Consequences, and Strategies for Deterrence." They say, "We do not believe a China-U.S. military conflict to be probable in any of the cases."⁷⁸ In the article, they analyze six occasions for conflict, including North Korean collapse, cross-Taiwan Strait conflict, Sino-U.S. cyber-war, conflict in South China Sea, Sino-Japanese dispute, and conflict between China and India. They think the possibility of U.S.-China military conflict is about the zero, because "China is seeking neither territorial aggrandizement nor ideological sway over its neighbors. It shows no interest in matching U.S. military expenditures."⁷⁹ Therefore, there is no reason for the United States to conflict with China militarily. Most importantly, as "the two economies are linked with each other and with the rest of the world in a manner unparalleled in history," even if the two sides eschewed employment of economic weapons or resorted to nuclear war, the "massive and mutual economic harm would indeed result from any significant Sino-U.S. armed conflict." Therefore, "this mutual dependency can be an immensely powerful deterrent and "a form of mutually assured economic destruction."⁸⁰ In other words, to further strengthen China-U.S. economic relations are good to mitigate the two parties' security dilemma.

To sum, the majority American scholars argue that the potential bipolar geopolitical structure, the constraining power of nuclear deterrence, integrating

⁷⁶Alastair Iain Johnston & Paul Evans, "China's Engagement with Multilateral Security Institutions," in Johnston and Ross, *Engaging China*, p. 265.

⁷⁷Alastair Iain Johnston, "The Myth of the ASEAN Way? Explaining the Evolution of the ASEAN Regional Forum," in Helga Haftendorn, Robert Koehane, and Celeste A. Wallander, eds., *Imperfect Unions: Security Institutions over Time and Space* (Oxford: Oxford University Press, 1999), pp. 287–324.

⁷⁸James Dobbins, David C. Gompert, David A. Shlapak, and Andrew Scobell, "Conflict with China: Prospects, Consequences, and Strategies for Deterrence," Occasional Paper, RAND Aroyo Center, Rand Corporation, Santa Monica, California, October 11, 2011, p. 1, http://www.rand.org/content/dam/rand/pubs/occasional_papers/2011/RAND_OP344.pdf.

⁷⁹Ibid, p. 1.

⁸⁰Ibid, p. 8. In the article, the authors borrow a concept from traditional nuclear deterrence theory, mutually assured destruction (MAD), and develop a new concept of mutual assured economic destruction (MAED).

power of international regime, and growing economic interdependence are helpful to reduce China-U.S. misperception, control military conflict, and mitigate security dilemma in East Asia.

6.2.1.4 How to Mitigate China-U.S. Security Dilemma: Engagement, Integration and Cooperation

Think Tanks and the Clinton Administration's China Policy

As regards to how to mitigate China-U.S. security dilemma, many American scholars propose that the American government enhance engagement with China, further integrate China into the current international system, and strengthen U.S.-China cooperation in responding to challenge. This consensus has taken an upper hand since China policy debate among American scholars in 1997. The representative work is a report titled *The Content of U.S. Engagement with China* co-authored by William Perry and Ashton Carter of Harvard University Kennedy School of Government published by the Stanford-Harvard Preventive Defense Project.

In the report, the two authors elaborate the main content of U.S. policy of engaging China from the security perspective. According to them, the rise of China is the most important event in international politics since the end of the Cold War. The principal content in American strategic policymaking is to ensure that China will become a U.S. security partner rather than a rival in the 21st century. U.S. engagement policy must be a preventive military strategy with a clear goal and foresight that can help shaping a bilateral security relationship with mutual benefit. The main content includes deepening and expanding bilateral military relations, stabilizing cross-Taiwan Strait relations, co-shaping East Asian security system, and encouraging China's participation in nonproliferation system and other international security regime. For them, during the period of Chinese and American presidents' mutual visits in October 1997 and June 1998, with the détente of bilateral relations, the United States should catch opportunities and consider how to influence China's strategic choice in the future. According to the authors, containing China is not a practical and feasible strategic choice in U.S. China policy. It can only result in the outcome we all want to prevent: transforming China into a rival of the United States. American public and its East Asian allies are unlikely to support such a dangerous strategic option. The United States should catch opportunities and further improve its relations with China, to prepare a more solid base for developing mutually beneficial bilateral relations.⁸¹

After American domestic debate on China policy in 1997, policy of engagement has become the mainstream, despite occasional interfere of different voice. In May

⁸¹William J. Perry and Ashton B. Carter, "The Content of U.S. Engagement with China," The Stanford-Harvard, Preventive Defense Project, July 1998, pp. 2-3, 25-26.

1997, the Clinton administration issued a report—*The National Security for a New Century*—to clearly clarify that it will continue the engagement policy. According to the report, “The emergence of a politically stable, economically open and secure China is in America’s interest. Our focus will be on integrating China into the market-based world economic system.” The report says, “We must pursue a deeper dialogue with China. An isolated, inward-looking China is not good for America or the world. A China playing its rightful role as a responsible and active member of the international community is.” Engaging China is the “best way to work on common challenges such as ending nuclear testing—and to deal frankly with fundamental differences such as human rights.”⁸² In December 1999, the Clinton administration issued the second report on *The National Security for a New Century*, continuing its engagement policy with China.⁸³

Think Tanks and the Bush Administration’s China Policy

At the beginning of its first term, the Bush administration defined its China policy from the perspective “strategic competitor.” But through two and half years of conflict and adaptation, American China policy gradually moves toward the positive direction in adjustment. It was defined as a policy of frank and constructive cooperation during the period of Shanghai APEC Leaders’ meeting in October 2001. In September 2002, the Bush administration issued its first report on the *National Security Strategy*, while follows basically U.S. engagement policy to China. According to the report, “The United States relationship with China is an important part of our strategy to promote a stable, peaceful, and prosperous Asia-Pacific region. We welcome the emergence of a strong, peaceful, and prosperous China ... The United States seeks a constructive relationship with a changing China. We already cooperate well where our interests overlap, including the current war on terrorism and in promoting stability on the Korean peninsula. Likewise, we have coordinated on the future of Afghanistan and have initiated a comprehensive dialogue on counterterrorism and similar transitional concerns.” The report recognizes frankly that the United States and China have great disputes in some areas, but both sides will try their best to reduce them, not allowing the disputes to block their cooperation in other areas. The report think the United States must actively enhance cooperation with China, and jointly handle the global challenge.⁸⁴ It can be seen that the Bush administration in its first term actually continued Clinton’s engagement policy to China.

⁸²Bill Clinton, *The National Security for a New Century*, May 1997, <http://fas.org/man/docs/strategy97.htm>.

⁸³Bill Clinton, *The National Security for a New Century*, December 1999, <http://clinton2.nara.gov/WH/EOP/NSC/Strategy/#threats>.

⁸⁴George W. Bush, *The National Security Strategy of the United States of America*, September 2002, http://australianpolitics.com/downloads/usa/02-09-20_national-security-strategy.pdf.

The Bush administration's China policy has two dimensions. One is engagement, and another is counterbalance and prevention. The principal marks of the latter is distrust to China's future development: hedge. In September 2005, U.S. Depute Secretary of State Robert Zoellick gave a speech at NCUSCR with the topic of "Whither China," formally advancing the strategy of hedge. This suggests the strategy had become the core in Bush's China policy.

The speech recognizes China's great progress in the past two decades and emphasizes that the United States welcome China's peaceful rise, but it does not paper over the countries' disputes on bilateral, regional, and global issues. It clarifies that China is not the former Soviet Union and does not seek ideological expansion. The speech refutes the logic of great power politics that suggests the United States and China are doomed to conflict and the two countries are strategic competitors. It argues that U.S.-China relations have potential for harmonious development, and the two countries can work together and get mutual benefits in a win-win game. However, the speech also cautions that the United States is uncertain about China's direction in development as well as how China will exercise its influence. Therefore, the United States needs to take a hedge policy, combining engagement with prevention. The central idea of the speech is: The United State not only encourages China to integrate itself into the current international system, but also asks China to be a responsible stake holder of it, working together with America to maintain and strengthen the system. This speech is a clear, frank and thoughtful discourse of the Bush administration's China policy.⁸⁵

Former RAND fellow Evans Medeiros published an article "Strategic Hedging and the Future of Asia-Pacific Stability" in *The Washington Quarterly* in 2005, comprehensively analyzes the special features of U.S.-China Asia-Pacific strategies. According to Medeiros, the two countries' mutual engagement and hedge had become one important feature of the dynamic change of balance in Asia-Pacific. Their behaviors are reasonable. This not only demonstrates the necessity of their cooperation in economic and anti-terror spheres under the background of globalization, but also suggests security dilemma in East Asian region. Why does the United States take strategic hedge toward China? Medeiros think the simple reason is maintain American dominance in the Asian-Pacific region. According to him, the two countries' bilateral relations contain both cooperation and competition. American and other Western countries' China policy of engagement and integration since the late 1970s is basically successful. China has largely accepted the core norms and rules in the current international system as well as its economic and security mechanisms. The United States welcomes its Asian allies to improve their bilateral relations with China, and encourages China's participation in resolving the Asian-Pacific and other regional issues. This is the dimension of cooperation in the strategic hedge. Meanwhile, with the rise of China, the United States is very

⁸⁵Robert B. Zoellick, "Whither China: From Membership to Responsibility?" Remarks to NCUSCR, New York City, September 21, 2005, http://www.ncuscr.org/files/2005Gala_RobertZoellick_Whither_China1.pdf.

suspicious of its future strategic goal, making the competition dimension in U.S. China policy increasing discernible. Therefore, the United States has deepened security cooperation with its Asian allies and partners (particularly countries surrounding China). The core motivation of the United States is to create Asia-Pacific security mechanism, effectively constraining or weakening China's regional influence.⁸⁶ Carnegie expert Ashley Tellis also proposes the United States to effectively deter China from dominating Asia in a long run by deepening its bilateral relations with Japan, South Korea, India and other ASEAN allies and security partners.⁸⁷

In March 2006, the Bush administration talks considerably the importance of strengthening U.S.-China relations on the basis of responding to common challenge and maintaining common interest in its second report on the National Security Strategy. The report mentions four points when talking about U.S. China policy. First, the United States welcomes a peaceful and prosperous China cooperating with America in handling the common challenge and maintaining common interest, encouraging China continue to follow the trajectory of reform and openness. Second, the United States urges China to be a responsible stakeholder in the international society. Third, the United States asks China to increase military transparency, opening domestic market, expanding political freedom, adopting peaceful means to resolve the Taiwan issue. Fourth, the United States hedges against China strategically while enhancing engagement with China.⁸⁸ Up to now, the basic tune of the Bush administration's China policy is quite clearly: engagement plus hedge, that is, to have even-handed policy. Since then, several reports from the American academic circle and think tanks in particular have emphasized the points to different degrees.

For example, William Perry and Ashton Carter co-authored an article "China's Rise in American Military Strategy" in a research report titled *China's March on the 21st Century* published by the Aspen Institute in January 2007. According to the authors, as China's future intension is unclear, the United States should take a double-hands policy in a considerable period of time. One the one hand, the United States should engage China, and encourage it to be a responsible stakeholder of the international society. On the other hand, America should hedge against China, preventing it from taking aggressive or invasive actions. As the authors point out, engagement and hedge do not contradict each other. Engaging China does not block the pursuit of cautious hedging strategy. Likewise, a certain degree of hedgy will not result in an awkward situation of "treating China as an enemy eventually proves to be right." In other words, cautiously hedging China from competing with the United States is the key target of American military strategy. The authors also propose several behaviors to be avoided while implementing this strategy, including

⁸⁶Evans S. Medeiros, "Strategic Hedging and the Future of Asia-Pacific Stability," *The Washington Quarterly*, 2005, pp. 145-147.

⁸⁷Ashley J. Tellis, "Indo-U.S. Relations Heeded for a Grand Transformation?" *Yale Global*, July 14, 2005, <http://yaleglobal.yale.edu/display.article?id=99>.

⁸⁸*The National Security Strategy of the United States of America*, March 2006, pp. 41-42.

no attempt of establishing an anti-China military alliance to encircle China, no change in U.S. Taiwan policy adhered by several administrations since the Nixon government, no attempt to establish a missile defense system or counterbalance forces to nullify China's nuclear deterring capability, and not using nonmarket means to deprive China of resource for its economic development.⁸⁹

U.S. Council on Foreign Relations issued a report titled *U.S.-China Relations: An Affirmative Agenda, A Responsible Course* in April 2007. This report comprehensively discusses the meanings of strategic hedge. According to the report, in an era of globalization, the United States must consider three factors when making a general strategy toward China. First, the two countries have expanding common interest in many spheres. Second, they still have considerable disputes and mutual mistrust in some areas. Third, China's development in the future is full of uncertainties. Based on these three factors, the report argues that the key point in American strategy to China is the making of a positive agenda. Washington should adopt a series of measures to integrate China into the international society and urge China to realize its own interest through the current international cooperative mechanism, while creating new opportunities for cooperation and jointly handling regional and global challenges. Integration is a way leading to responsibility. America should enhance engagement with China on issues concerning both countries and help China to be integrated into international security, trade, and human rights regimes, while counterbalancing against China's increasing military power. Meanwhile, because of too many uncertainties in China's future development, the United States must hedge against these uncertainties in its China policy. Just like U.S. policies to other countries, China policy also contains the factor of hedge. The purpose is to advise China not to take counterproductive policies, and take countermeasures when the advice fails to persuade China. Even so, the focus of U.S. strategy to China is to establish a close, frank and cooperative relationship, so as to promote common interest and constructively handling each other's disputes.⁹⁰

Think Tanks and Obama's Administration's China Policy

Since President Obama came to office, the United States has accelerated shifting of its strategic focus to Asia. The Obama administration continues the strategy of engaging China, advocating to comprehensively integrate China into the international system, and emphasizing on establishing positive, comprehensive, and

⁸⁹Ashton B. Carter and William J. Perry, "China's Rise in American Military Strategy," in Kurt M. Campbell and Willow Darsie, eds., Co-Chairmen: Joseph S. Nye, Jr. and Brent Scowcroft. *China's March on the 21st Century* (Washington, DC: The Aspen Institute, 2007), p. 107. This report was published in January 2007. The two authors' article is also published in *The National Interest*. See Ashton B. Carter & William J. Perry, "China on the March," *The National Interest*, March/April 2007, pp. 16–22, 115–116.

⁹⁰*U.S.-China Relations: An Affirmative Agenda, A Responsible Course*. Report of an Independent Task Force. Sponsored by the Council on Foreign Relations. April 2007, pp. 9–10.

cooperative bilateral relations with China, while constraining China in military and security spheres. To sum up, that strategy is engagement, integration and constraint. In the formation of this strategy, many American think tanks, particularly the famous ones like the Center for a New American Security (CNAS), the Brookings, the Carnegie, and the RAND have played an imperative role that cannot be ignored.

The CNAS was co-founded by national security and defense strategy experts Michele Flounoy and Kurt Campbell in 2007, focusing research on American national security and defense policies. Both Flounoy and Campbell joined the Obama administration in 2009, serving as deputy secretary of defense for policy affairs and assistant secretary of state for East Asian and Pacific affairs, respectively. The Center expert Robert Kaplan had since 2009 served as member of National Defense Policy Committee, a policy consultant institution under the Department of Defense. Another member Victor Cha served as director for Korean affairs at the National Security Council (2004–2007) in the second term of the Bush administration and deputy head of U.S. delegation for the six-party talks. Former deputy secretary of state in the Obama administration James Steinberg delivered a keynote address at the center on September 24, 2009 saying, “in such a short period of time that the CNAS has become an indispensable feature on the Washington landscape.”⁹¹ Since its establishment, the center has published several reports on Asia as well as China policies, including *The Power of Balance: America in Asia*, *The United States and the Asia-Pacific Region: Security Strategy for the Obama Administration*, *China’s Arrival: A Strategic Framework for a Global Relationship*, *Cooperation and Competition: China and Asia-Pacific*, and *Cooperation from Strength: The United States, China and the South China Sea*.⁹²

China’s Arrival: A Strategic Framework for a Global Relationship is an influential report. It argues that the United States should not regard China as a threat, because advocate the thesis of China threat can only harm American interest in East Asia and weaken its influence. The United States should not neglect the

⁹¹James Steinberg, “China’s Arrival: The Long March to Global Power,” Center for a New American Security, September 24, 2009, <http://www.doam.org/images/projekte/friedensicherheit/Deputy%20Secretary%20James%20Steinberg's%20September%2024,%202009%20Keynote%20Address%20Transcript.pdf>.

⁹²Kurt M. Campbell, Nirav Patel, Vikram J. Singh, “The Power of Balance: America in Asia,” “The United States and the Asia-Pacific Region: Security Strategy for the Obama Administration,” jointly issued by Pacific Forum CSIS, Institute for Defense Analyses (IDA), Center for Naval Analyses (CAN), Institute for National Strategic Studies/National Defense University (INSS) and Center for a New American Security (CNAS), February 2009; Abraham Demark and Nirav Patel (eds.), “China’s Arrival: A Strategic Framework for a Global Relationship,” Center for a New American Security, September 2009, p. 6, http://www.cnas.org/files/documents/publications/CNAS%20China's%20Arrival_Final%20Report.pdf; “Cooperation and Competition: China and Asia-Pacific: A Roundtable Discussion,” moderated by David Sanger, Featured speakers include Bernard D. Cole, Patrick Cronin, Douglass Paal, and Admiral Patrick M. Wash, CNAS Fifth Annual Conference, Center for a New America Security, June 2, 2011, http://www.cnas.org/files/multimedia/documents/Transcript_Cooperation%20and%20Competition%20China%20and%20the%20Asia-Pacific_0.pcf; Patrick M. Cronin, ed., “Cooperation from Strength: The United States, China and the South China Sea,” Center for a New American Security, January 2012.

function of multilateral mechanisms like East Asia Summit and the APEC in the process of engaging China, nor should Washington regard multipolar world advocated by China as a zero-sum game. While engaging China, the United States should enhance its relations with traditional allies such as Japan, South Korea, Thailand, and Australia, and further consolidate its presence in Asia. In other words, Washington should not only handle well its relations with Beijing, but also shape a political and security environment in Asia that encourages China to become a responsible stakeholder and be peacefully integrated into the regional and international system. As the report points out, a complete U.S. strategy to China should have three dimensions, engagement, integration and counterbalance (namely, cautiously military hedge), and none is dispensable. The report makes several recommendations: (1) to continue to deepen the process of integrating China into the current international economic and political systems, accommodating China's interest in maintaining economic development and social stability as much as possible during the process; (2) to encourage China to play a constructive and peace role in regional and global affairs; (3) to promote democracy, rule of law and human rights in China; (4) to keep U.S. leadership position in Asian-Pacific political and economic affairs; and (5) to maintain American military freedom of actions in the Asian-Pacific region.⁹³

It was in the press release of the report that the CNAS invited Deputy Secretary of State at the Obama administration James Steinberg to deliver the above mentioned keynote address titled "China's Arrival: The Long March to Global Power." In the speech, Steinberg proposes the concept of strategic reassurance between the United States and China. According to him, in order to mitigate the security dilemma between the United States and emerging powers, Washington needs to adapt to "the rise of China, as well as other emerging powers like India and Brazil," while protecting its own national interests. To adapt to the rise of emerging powers, the key is to eliminate their strategic mistrust. According to Steinberg, "strategic reassurance rests on a core, if tacit, bargain" between the United States and China. "Just as we and our allies must make clear that we are prepared to welcome China's 'arrival'... as a prosperous and successful power, China must reassure the rest of the world that its development and growing global role will not come at the expense of security and well being of others." Therefore, the two parties must "highlight and reinforce the areas of common interest, while addressing the sources of mistrust directly, whether they be political, military or economic." In addition, the two parties should insist on dialogue in comprehensive areas, and adopt practical and feasible measures to mitigate the other party's concern. Furthermore, the two parties should have cooperation on important bilateral and global issues, such as responding to international financial crisis, climate change, North Korean nuclear weapons, the Iran nuclear problem, and anti-piracy efforts. Lastly, the two parties should have high-level military dialogue to eliminate their distrust in the military

⁹³Abraham Demark and Nirav Patel, eds., *China's Arrival: A Strategic Framework for a Global Relationship* (Washington, DC: Center for a New American Security, 2009).

sphere (issues like South China Sea, Chinese navy buildup, strategic nuclear weapons, space and cyber realm).⁹⁴

During President Obama's visit to China, the two countries issued a joint statement, promising to "building and deepening bilateral strategic trust." As the statement puts it, "to nurture and deepen bilateral strategic trust is essential to U.S.-China relations in the new era ... The United States reiterated that it welcomes a strong, prosperous and successful China that plays a greater role in world affairs. The United States stated that it is committed to working with other countries in addressing the most difficult international problems they face ... The two sides reiterated that they are committed to building a positive, cooperative and comprehensive U.S.-China relationship for the 21st century, and will take concrete actions to steadily build a partnership to address common challenges."⁹⁵

In May 2010, the Obama administration made the following points in *National Security Strategy of the United States of America*:

We will continue to pursue a positive, constructive, and comprehensive relationship with China. We welcome a China that takes on a responsible leadership role in working with the United States and the international community to advance priorities like economic recovery, confronting climate change, and nonproliferation. We will monitor China's military modernization program and prepare accordingly to ensure that U.S. interests and allies, regionally and globally, are not negatively affected. More broadly, we will encourage China to make choices that contribute to peace, security, and prosperity as its influence rises. We are using our newly established Strategic and Economic Dialogue to address a broader range of issues, and improve communication between our militaries in order to reduce mistrust. We will encourage continued reduction in tension between the People's Republic of China and Taiwan. We will not agree on every issue, and we will be candid on our human rights concerns and areas where we differ. But disagreements should not prevent cooperation on issues of mutual interest, because a pragmatic and effective relationship between the United States and China is essential to address the major challenges of the 21st century.⁹⁶

The American academic circle, think tanks in particular, has paid special attention on mitigating U.S.-China strategic mistrust. In June 2010, National Bureau of Asian Research (NBR) issued a report written by David M. Lampton, titled *Power Constrained: Sources of Mutual Strategic Mistrust in U.S.-China Relations*. According to the report, there are four sources of mutual mistrust. First, some scholars in the two countries define the bilateral relations from the perspective of zero-sum game. Second, some scholars have misjudged the change of capabilities of the two countries. Third, the American perception of some Chinese attempt to change the rule of the game and their growing intolerant to U.S. arms sales to

⁹⁴James Steinberg, "China's Arrival: The Long March to Global Power," Center for a New American Security, September 24, 2009.

⁹⁵U.S.-China Joint Statement, November 17, 2009, <https://www.whitehouse.gov/the-press-office/us-china-joint-statement>.

⁹⁶Barack Obama, *National Security Strategy of the United States of America*, Washington, DC: The White House, May 2010, p. 17, http://www.whitehouse.gov/sites/default/files/rss_viewer/national_security_strategy.pdf.

Taiwan and interfere with the matter of Tibet. Fourth, mutual influence of U.S.-China strategic policymaking, falling into the inexorable circle of “action-reaction-re-reaction.” To reduce the two parties’ strategic mistrust, Lampton proposes nine recommendations, including enhancing their military-to-military relations and deepening economic interdependence. The report supports loosening U. S. restrictions on exports proposed by Secretary of Defense Robert Gates and Secretary of Commerce Gary Faye Locke.⁹⁷

2010 witnesses fully the up and down in China-U.S. relations. U.S. arms sale to Taiwan, the incident of Google, Obama’s meeting with Dalai Lama, the tension in Korea, dispute on the exchange rate of Renminbi (RMB), and American attempt to interfere with the issue of South China Sea. An argument of China’s growing assertiveness surfaces in the American political and academic circles, resulting in difficulties in the bilateral relations.⁹⁸ It is under this background, scholars advocating tough policy to China frequently published articles, demanding the Obama administration to exercise pressure on China. More scholars, however, emphasize the importance of general U.S.-China relations, appealing to the administration to insist on the policy of engaging China. Around the period of Chinese President Hu Jintao’s American trip on January 19, 2011, famous scholars like Henry Kissinger, Zbigniew Brzezinski, Douglass Paal and David M. Lampton frequently published articles to highlight the importance of U.S.-China cooperation.⁹⁹ Hu’s visit to the United States turns out to be very successful. In the following joint statement, both sides are “committed to work together to build a cooperative partnership based on mutual respect and mutual benefit in order to promote the common interests of both countries.” When talking about bilateral military relations, the statement says, “Both sides agreed on the need for enhanced and substantial dialogue and communication at all levels: to reduce misunderstanding, misperception, and miscalculation; to foster greater understanding and expand mutual interest; and to promote the healthy, stable, and reliable development of the military-to-military

⁹⁷David M. Lampton, “Power Constrained: Sources of Mutual Strategic Mistrust in U.S.-China Relations,” *NBR Analysis*, June 2010.

⁹⁸Michael Swaine, “Perceptions of An Assertive China,” *China Leadership Monitor*, No.32, Spring 2010; Michael Swaine and M. Talor Fravel, “China’s Assertive Behavior, Part Two: The Maritime Periphery,” *China Leadership Monitor*, No.35, Summer 2011; Michael Swaine, “China’s Assertive Behavior, Part Three: The Role of the Military in Foreign Policy,” *China Leadership Monitor*, No.6, Winter 2011; Michael Swaine, “China’s Assertive Behavior, Part Four: The Role of the Military in Foreign Crisis,” *China Leadership Monitor*, No.37, Spring 2012; Wang Yaping, “Zhongguo de jiating zixin: zhongxi wenxian bijiao” [China’s Determine and Confidence: A Chinese-Western Literature Comparison], *Carnegie China Insight Monthly*, No. 7, 2010, accessed at <http://chinese.carnegieendowment.org/newsletter/pdf/july10.pdf>; U.S.-China Economic and Security Review Commission 2011 Report, November 2011, pp. 169–172.

⁹⁹Henry Kissinger, *On China* (New York, NY: The Penguin Press, 2011), p. 529; Zbigniew Brzezinski, “How to Stay Friends with China,” *The New York Times*, January 3, 2011, http://www.nytimes.com/2011/01/03/opinion/03Brzezinski.html?_r=1&hp; Douglass Paal, “Calming the Storms in U.S.-China Relations,” *Carnegie Endowment for International Peace*, January 11, 2011, <http://carnegieendowment.org/2011/01/11/calming-storm-in-u.s.-china-relations/38y>; David M. Lampton, “Power Constrained: Sources of Mutual Strategic Mistrust in U.S.-China Relations.”

relationship.”¹⁰⁰ On February 15, 2012, Chinese Vice President Xi Jinping elaborated the abovementioned position when he made remarks at the U.S. Department of Defense and Department of State during his American trips.

In the debate around the argument of China’s military threat among the American academic circle in the post-Cold War era, the mainstream view is to enhance engagement with China while hedging against it. However, the voice of highlighting China’s military threat and advocating containment and deterrence also ups and downs. The debate between the two views is expected to continue. The two countries should enhance dialogue and exchange on different dimensions, and engage in frank and deep discussion to clarify their respective strategic interests and intentions, understand the other side’s strategic concern, reduce and eventually eliminate the Cold-War mindset, cultivate strategic mutual trust, and shape good atmosphere for developing new-type military and security relations between them.

6.2.2 Debate on China’s Economic Threat

Over the past three decades, particularly since 1992, China has overcome the negative impact of Asian financial crisis and international crisis, and maintained a two-digit economic growth rate. By the end of July 2011, China’s GDP, foreign trade and direct investment have all jumped to number two position in the world. China’s foreign reserve reached 3.4 trillion U.S. dollars. Especially since China’s entry into the WTO, China-U.S. trade amount has increased rapidly. While China’s export to the United States grew drastically, it has also become the fastest growing market for American exports. However, because of contracting out of American manufactures and U.S. congressional restrictions on technological exports to China, the amount of American exports to China is much lower than that of imports from China, which has created a certain degree of trade imbalances between them for a long time. It is under this background, some American think-tank experts think that trade imbalances and loss of job positions in American manufactures are due to the Chinese government’s manipulation of RMB exchange rate so as to gain competitive advantage in bilateral trade. They regard U.S.-China relations as a zero-sum game. The rise of Chinese economy will pose a severe threat to the world economic order dominated by the United States as well as the West.

However, the majority of American scholars do not buy the above views. For example, experts from the CSIS, the Carnegie, Council on Foreign Relations, the RAND, Cato Institute and other think tanks are reasonable and objective when making judgment on these issues. They stress the importance of bilateral trade and economic relations to the United States. They think the trade imbalances and loss of jobs in American traditional manufactures is not the responsibility of China. To

¹⁰⁰U.S.-China Joint Statement, January 19, 2011, <https://www.whitehouse.gov/the-press-office/2011/01/19/us-china-joint-statement>.

press China to appreciate RMB cannot fundamentally change American high trade deficits, nor can it mitigate the issue of domestic unemployment. They argue that the United States should pragmatically and reasonably treat RMB exchange rate, and resolve the two countries' dispute on economic relations through dialogue, so as to create conditions for promoting virtuous development of bilateral trade.

6.2.2.1 China-U.S. Economic Relations: A Zero-Sum Game?

China's Rise and U.S. Decline

Some scholars believing in China's economic threat consider U.S.-China economic relations as a zero-sum game, suggesting the rise of China indicates the decline of the United States. Obviously, the United States at its heyday of power is particularly sensitive to such an argument of American decline. In fact, since the 1980s, such an anxiety has always existed in American think tanks as well as academia: The balance of world power is shifting from America and Europe to Asia. The view of "the rise of Asia-Pacific and the fall of America and Europe" frequently appeared then. In 1987, Yale University professor of history Paul Kennedy made the following prediction in a book—*The Rise and Fall of the Great Powers: Economic Change and Military Conflict from 1500 to 2000*—that balance of global productive force has already tilted to Japan and China from Russia, America, and European Union. The rise of the Pacific is likely to continue.¹⁰¹

After Kennedy, another Yale University professor with distinguished reputation in world system theory, Immanuel Wallerstein published an article "The Eagle Has Crashed" in *Foreign Policy*. It argues, "Pax America is over. Challenges from Vietnam and the Balkans to the Middle East and September 11 have revealed the limits of American supremacy." According to Wallerstein, "the United States will continue to decline as a decisive force in world affairs over the next decade." He emphasizes, "The real question is not whether U.S. hegemony is waning but whether the United States can devise a way to descend gracefully, with minimum damage to the world, and to itself."¹⁰² Moreover, in July 2003, Wallerstein published a book, *The Decline of American Power: The U.S. in a Chaotic World*. He argues that although the United States enjoys unprecedented capabilities, a careful analysis of change in American capacity and influence since the end of the Vietnam

¹⁰¹Paul Kennedy, *The Rise and Fall of the Great Powers: Economic Change and Military Conflict from 1500 to 2000* (New York: Random House, 1987), cited in The Epilogue, p. 441, 442, 448, 538.

¹⁰²Immanuel Wallerstein, "The Eagle Has Crashed Landed," *Foreign Policy*, Issue 131, July/August 2002, http://www.foreignpolicy.com/articles/2002/07/01/the_eagle_has_crash_landed

War clearly suggests a persistent decline of American capability as a global power. In a long run, American response to the September 11 incident might speed up the decline of the United States.¹⁰³

Since the 2008 world financial crisis, American domestic voice predicting “America decline and China rise” has frequently appeared. For example, Johns Hopkins University professor of political science Michael Mandelbaum published a book, *The Frugal Superpower: America’s Global Leadership in a Cash-Strapped Era*. As he argues in the book, as America suffered from high financial deficit and economic predicament, together with the quandary in Iraq and Afghanistan, it can only resort to selling national debt for survival. Its decline in capacity is quite clear.¹⁰⁴

In January 2011, Council on Foreign Relations scholar and chair commentator for diplomatic affairs at *Financial Times* Gideon Rachman published an article in *Foreign Policy*, titled “Think Again: American Decline—This time is for real.” According to the author, while the United States have survived from acute competitions with former Soviet Union and Japan over many years, it seems unable to face the rise of China, whose strong economic capacity has posed challenge to American influence in the world.¹⁰⁵ In his book, *Zero-Sum Future: American Power in an Age of Anxiety* published on February 1, 2011, Rachman further elaborates his views. According to him, American presidents after the end of the Cold War all welcome the rise of China. However, given the high unemployment rate in the United States, U.S.-China competition and even confrontation have gradually taken shape. Therefore, the win-win logic in the process of globalization will gradually give way to the zero-sum logic in political and economic struggles.¹⁰⁶

As a matter of fact, the straightforward discourse on the logic of China will economically threaten the United States is not new, which encore the tune of Japan threatening America among U.S. scholars back in the 1980s. At that time, Japanese economy rose rapidly. A famous investment banker Daniel Burstein published a book in 1988, titled *Yen: Japan’s New Financial Empire and Its Threat to America*. The book proposes American to watch carefully the invasion of Japanese bankers and financial businesspeople. The author uses solid data to elaborate the then popular Japanese economic miracle, arguing that Japanese purchase of American debts and American land properties in Manhattan and Hawaii, and investment in U.S. domestic manufactures had brought about severe influence to American

¹⁰³Immanuel Wallerstein, *The Decline of American Power: The U.S. in a Chaotic World* (New York: The New Press, 2003). Editorial review.

¹⁰⁴Michael Mandelbaum, *The Frugal Superpower: America’s Global Leadership in a Cash-Strapped Era* (New York: Public Affairs, 2009).

¹⁰⁵Gideon Rachman, “Think Again: American Decline—This time is for real,” *Foreign Policy*, January/February 2011, http://www.foreignpolicy.com/articles/2011/01/02/think_again_american_decline.

¹⁰⁶Gideon Rachman, *Zero-Sum Future: American Power in an Age of Anxiety* (New York: Simon & Schuster, 2011).

security. “Japanese purchase of America” became a popular panic at that time. The book was republished in 1990, 1999 and 2002.¹⁰⁷

Now China’s persistent and rapid development in economy has aroused the attention and even concern in various circles of the United States, becoming a headache of some people in the political and academic circles in particular. It is taken as a reference to the relative decline of American capacity. As stated by a senior Democrat Senator Max Baucus in his testimonies before the Senate Committee on Finance on June 23, 2005, “China’s competitive challenge makes Americans nervous. From Wall Street to Main Street, Americans are nervous about China’s effect on the American economy, American jobs, on the American way of life.”¹⁰⁸ Senator Baucus’ anxiety is more related to the worry of relative decline of American capacity than the concern of challenge from China’s economic rise and growing competitiveness.

A Congressional Research Service report on January 23, 2007 analyzes several popular views on China’s economic threat, including (1) cheap Chinese merchandizes occupy American market and threaten American workers’ jobs, wages and living standard and even American living style; (2) the Chinese government adopts an unfair trade policy (intentionally hooking RMB to American dollars, depreciating RMB, and subsidizing automobile industry.) that leads to high deficit in American trade with China; (3) the Chinese government buys and maintains a massive American government debt and Chinese state enterprises purchase American companies, which have threaten American security. Some analysts fear, if China reduces American government debt greatly, it will bring negative influence on American economy.¹⁰⁹

Professor Susan Shirk of University of California, San Diego published a book titled *China: Fragile Superpower* in 2007, which describes the worry of part of American scholars and people. As she puts it, “As American companies move their factories offshore to China and Americans buy more imports from China, hundreds of thousands of workers in our manufacturing industries face losing their jobs. We worry about falling behind technologically as well as economically. Chinese scientists were the first to map the genome for rice, and Chinese engineers are designing new, safer nuclear power reactors and more efficient automobile engines. High-tech companies are establishing research and development facilities in China to take advantage of the brainpower found there. The acquisition by a Chinese company of the personal computer unit of IBM, one of America’s high-tech crown jewels, caused angst. When a Chinese oil company wanted to buy an American one,

¹⁰⁷Daniel Burstein, *Yen: Japan’s New Financial Empire and Its Threat to America* (New York: Simon & Schuster, 1988). See Publisher’s Review.

¹⁰⁸Quoted from Craig K. Elwell, Marc Labonte, and Wayne M. Morrison, “Is China a Threat to the US Economy?” *Congressional Research Service*, CRS-2, January 23, 2007.

¹⁰⁹Craig K. Elwell, Marc Labonte, and Wayne M. Morrison, “Is China a Threat to the US Economy?” *Congressional Research Service*, CRS-4, Jan 23, 2007, <http://www.fas.org/sgp/crs/row/RL33604.pdf>.

the political backlash in Washington quashed the deal. Our dependence on China to finance our huge government debt deepens our unease.”¹¹⁰

According to Shirk, as economic superpower, China has become a rival of the United States. She says, “As Chinese officials like to remind us, China today is still a developing country. Its annual income per capita is close to the bottom of the international rankings and a small fraction of our own. Yet we feel the hot breath of this economic dragon on our backs. The steady media drumbeat of economic statistics that document China’s dramatic growth is making people anxious.”¹¹¹

From the abovementioned views one can see that China’s swift economic development does arouse a wide attention among American scholars, and even a sort of nerves. This mainly reflects the worrying consciousness of American academic circle. It is natural for American academia to worry about the country’s own problem. But if they are over pessimistic in self-evaluation while overestimating China’s capacity impractically, the result may frustrate American confidence on itself and intensify the spreading of the argument of China threat in the United States. This is not good for a healthy development of China-U.S. relations. As Lampton says in the abovementioned report—*Power Constrained: Sources of Mutual Strategic Mistrust in U.S.-China Relations*—issued in June 2010 that:

One must keep several somewhat opposed ideas in mind simultaneously with respect to the PRC: China is growing stronger, China has substantial weaknesses, the United States has severe problems, and the United States remains very strong and has great capacities for self-renewal. Overemphasizing any one attribute without the corrective of the others will produce faulty conclusions. Exaggeration of China’s current and medium-term power will feed threat perceptions and defensiveness in the United States, just as underestimating Chinese capacities could breed reckless attempts to push Beijing around or failures to anticipate strong-willed PRC behavior. Chinese underestimations of U.S. strengths could produce imprudent assertive postures. It also is true that if China and the United States do not have realistic appreciations of their own strengths and weaknesses, this too is a formula for miscalculation.¹¹²

This is an objective and reasonable analysis.

Complaining China for Causing Bilateral Trade Imbalances

According to some American scholars, China manipulates RMB exchange rate and unilaterally maximize trade surplus, resulting in U.S.-China trade imbalances. They asked the American government to put pressure on China, forcing the RMB appreciation, so as to reduce China’s international trade surplus and reduce U.S.

¹¹⁰Susan L. Shirk, *China: Fragile Superpower* (Oxford & New York: Oxford University Press, 2007), p. 6.

¹¹¹Susan L. Shirk, *China: Fragile Superpower* (Oxford & New York: Oxford University Press, 2007), pp. 5–6.

¹¹²“Power Constrained: Sources of Mutual Strategic Mistrust in U.S.-China Relations,” *NBR Analysis*, June 2010).

trade deficit. PIIIE senior fellow William Cline argues in the institute's *Policy Brief* (August 2010) that RMB exchange rate has important influence on maintaining China's international trade balance (current account) and U.S.-China bilateral trade balance. According to him, after the 2008 international financial crisis, the Chinese government froze the currency against the dollar in pursuit of greater stability that aggravated global trade imbalances. "The return to flexibility in June 2010 gives China the scope to contribute further to international adjustment of imbalances, but whether it does so will depend on whether the authorities allow the *yuan* to rise at a sustained pace that is comparable to or greater than that observed in the previous period of flexibility (June 2005 through August 2008)."¹¹³ In other words, allowing RMB to sustainably rise is the key to adjustment of imbalances of trade. As Cline argues continuously, "For China, a rise of 1% in the real effective exchange rate causes a reduction in the current account surplus by 0.30–0.45% of GDP. At 2010 scale, a 10% real effective appreciation would reduce China's current account surplus by about \$170 billion to \$250 billion. For the United States, the corresponding improvement in the current account balance would range from a low estimate of \$22 billion" to "a high of \$63 billion." Based on this analysis, the author concludes the rise of *yuan* will not only help to reduce China's surplus in current account, but also reduce American trade deficit. "Decisions on China's exchange rate policy thus do matter for the objective of reducing international imbalances."¹¹⁴

PIIE expert Fred Bergsten gave a testimony before the U.S. House of Representatives Committee on Ways and Means on September 15, 2010 and offered the similar view. According to him, the U.S.-China trade imbalances are increasing sharply, making it "considerably harder to reduce unemployment and achieve a sustainable recovery in the United States." Because China's "massive intervention in the foreign exchange markets," the RMB "remains substantially undervalued," and "is a major cause of its large and growing trade surplus." "China let its exchange rate rise by 20–25% during 2005–2008. Our goal should be to persuade it to permit a similar increase over the next two to three years. This would reduce China's global current account surplus by \$350 billion to \$500 billion and the US global current account deficit by \$50 billion to \$120 billion."¹¹⁵

In fact, China-U.S. trade imbalances have nothing to do with China's intervention in the RMB exchange rate and unilaterally pursue maximization of trade surplus. The two countries' long trade imbalances are due to a combination of several factors, including international factors such as foreign direct investment (FDI), international industrial transfer, and the dollar credit standard, policy factor like American restrictions on exports, and other fundamental factors such as U.S.

¹¹³William R. Cline, "Renminbi Undervaluation, China's Surplus and the US Trade Deficit," *Policy Brief*, August 2010, Number 10–20, p. 1, <http://www.iie.com/publications/pb/pb10-20.pdf>.

¹¹⁴*Ibid.*, p. 6.

¹¹⁵C. Fred Bergsten, "Correcting the Chinese Exchange Rate," Testimony before the Hearing on China's Exchange Rate Policy, Committee on Ways and Means, US House of Representative, September 15, 2010, <http://www.piie.com/publications/testimony/bergsten20100915.pdf>.

domestic economic imbalances, China-U.S. economic complementarity and international division of labor, in addition to statistical differences of the two countries.¹¹⁶

First, the fourth wave of global industrial transfer since the 1990s has motivated many manufactures from Europe, America and other part of East Asia to move to China. Relying on its extremely huge-scale market, low cost production factors, a relatively mature infrastructure, and preferentially beneficial policy to foreign capitals, China has attracted a great deal of foreign investment, including American enterprises. A competitive advantage ranging from assembly processing and manufacturing has gradually appeared in China, making China an important manufacturing and processing basis in the world. Foreign investment has accumulated a great deal of trade surplus for China through effectiveness of complementary trade, import substitution, and surplus transfer.¹¹⁷

American enterprises in China utilize Chinese advantage in human resource for processing and manufacturing or engage in massive procurement of Chinese merchandizes, and then sell those intermediate or final products back to the United States, leading to rapid growth of China's exports and widening China-U.S. trade imbalances. American transnational corporations make their strategic arrangement by employing the theory of global value chain, locating high-added value stages of production—research and development, design, marketing, and brand—in their home country and thus earning overwhelmingly major portion of profits. Meanwhile, they locate low-added value stages like processing and assembly in China, leaving modest processing profit to Chinese enterprises. Other countries like the United States also practice such a global strategy, using China as a processing platform for export to America, creating a dramatic increase of Chinese exports to the United States. This phenomenon has becomes more obvious since China's entry into the WTO.¹¹⁸

Research works of American scholar like Bruker, Nicholas Lardy and Tyler Cowen and some Chinese scholars have all further approved the theory that rapidly

¹¹⁶Zhang Ning, “Zhongmei maoyi bupingheng de duochong yuanyin” [Multiple Causes of China-U.S. Trade Imbalances], in Xia Xianliang, etc., *Zhongmei maoyi pingheng wenti yanjiu* [A Study on China-U.S. Trade Imbalances] (Beijing: China Social Sciences Press, 2011), pp. 106–130.

¹¹⁷Shi Benye, “Guanyu zhongmei maoyi shiheng shengcengci yuanyin tanxi” [On the Deep Roots of China-U.S. Trade Imbalances], in Pudong Research Center for American Economy, *Houweiji shiqi de quanqiu jingji geju yu zhongmei jingmao guanxi* [Global Economic Structure and China-U.S. Economic and Trade Relations in the Post-Crisis Period] (Shanghai: Shanghai Social Sciences Press, 2011), pp. 308–317. In analyzing the main causes of China-U.S. trade imbalances, Shi mentions five factors, including U.S. domestic economic imbalances, industrial transfer, foreign investment, assembly processing trade, and American restrictions on export to China, which will be further discussed in the following pages.

¹¹⁸Wang Rongjun, “Zhongmei jingmao zaipingheng: lujing yu qianjing” [Rebalance of China-U.S. Trade: Path and Prospect], *Waijiao pinglun* [Diplomacy Review], No. 2, 2010. Yu Yongding, “Meiguo jingji zaipingheng shijiaoxia zhongguo mianlin de tiaozhan” [China's Challenge from the Perspective American Economic Rebalance], *Guoji jingrong yanjiu* [International Finance Studies], No. 1, 2010, pp. 16–21.

growing U.S. trade deficit with China is directly correlated with the growing investment and running of transnational corporations in China. Manufactures transfer of transnational corporations is the important cause of China-U.S. trade imbalances, which is also the outcome of international division of labor under the condition of economic globalization.¹¹⁹

Second, as international credit standard currency, U.S. dollar enjoys the inherent advantage in international circulation. Other country's demand in dollar and the American government often-used quantitative easing (QE) policy have resulted in oversupply of dollar, which will also enlarge U.S. trade deficit. As famous American economist and Nobel laureate Robert Mundell—with a reputation as the father of Eurodollar—pointed out in 2003, because of the unique international status of the United States and dollar, other countries in the world need dollars or dollar-based properties for liquidity and investment purposes. This will lead to U.S. trade imbalances and current account deficit. For Mundell, as long as the dollar's position as international standard currency unchanged, the phenomenon of American deficit in current account will not disappear.

Chinese scholars support Mundell's view in their empirical studies of the issue. According to them, American trade deficit will long exist simply because of the unique position of dollar as the principal reserve currency in the international system for a long time. As for China-U.S. economic relations, China's demand of dollar will urge it to seek trade surplus with America. Through trade deficit with China, the United States acquires merchandizes and service it needs for domestic development, satisfying its domestic consumption need and maintaining price stability. In addition, because of dollar's status as international standard currency, China will purchase a massive American national debt and other dollar-based properties, leading to the return of dollar and improvement of American balance of international payments, therefore guaranteeing normal domestic and international investment.¹²⁰

Third, the policy factor of China-U.S. trade imbalances is American restrictions on exports to China, which is also an important factor influencing the bilateral economic relations. Since the establishment of diplomatic relations, U.S. restrictions on exports to China have experienced several adjustment of back and forth. In this process, the American government has no substantial change in restrictions on export to China in the spheres of military products, military-civil products, and new

¹¹⁹Li Wei and Xu Jiajia, "Mei zai hua FDI dui zhongmei maoyi shiheng de yingxiang yanjiu" [A Study on the Influence of American Direct Investment in China on China-U.S. Trade Imbalances], *Tequ jingji* [Special Zones Economy], December 2011, p. 95; Jing Yan, "Mei zai hua zhijie touzi yu zhongmei maoyi pingheng de yingxiang" [American Direct Investment in China and Its Impact on China-U.S. Trade Balances], *Dangdai jingji* [Contemporary Economy], September (B) 2010, pp. 72–74; Zhang Ning, "Multiple Causes of China-U.S. Trade Imbalances," pp. 107–109; Wu Yunyan, "Maoyi fangshi de zhuanbian dui zhongmei maoyi shiheng de yingxiang fenxi" [An Analysis of the Influence of Change in Trade Means on China-U.S. Trade Imbalances], *Shangchang xiandaihua* [Business Circle Modernization], May 2007, pp. 11–12.

¹²⁰Quote from Zhang Ning, *ibid.*, pp. 110–114.

high technology due to its consideration of national security, diplomatic policy, technology control, and intellectual property protection.¹²¹ U.S. restrictions on exporting high-tech products to China directly block the exports and intensify American trade imbalances. In fact, in the total amount of new and high-tech import to China, the percentage of the United States is decreasing continuously. According to the statistics of Chinese customs, the percentage decreased from 16.7% in 2001 to 6.3% in 2011, lower than the percentages of European Union and Japan. As Chinese Vice President Xi Jinping said in the opening ceremony of Los Angeles China-U.S. Economic Cooperation Forum on February 17, 2012, had American high-tech export to China in 2011 maintained the same percentage of 2001, U.S. exports to China in 2011 would have increased about 50 billion dollars.¹²²

It should be pointed that with the growing Chinese capabilities in innovation and the gradual formation of supplying sources of multiple technologies, the strategic positions of China and the United States on export restrictions have changed subtly. American restrictions on exports have to be adjusted to a certain degree with the change of international environment, with growing appeals to loose restrictions on exports to China in particular.¹²³ One can cautiously expect such a scenario to occur.

Fourth, China-U.S. trade imbalances are greatly contributed by domestic imbalances of American economy, economic complementarity of the two countries, and international division of labor. As famous American economist McKinnon puts it, the American government huge budget deficit and too low domestic savings are the fundamental causes of the increasingly growth in trade deficit. To resolve this problem, the United States should first of all reduce structural financial deficit and manage to have surplus. In addition, it should adopt stimulating measures to promote increase of family saving. U.S. Nobel laureate and Columbia University professor Joseph Stiglitz also think American trade deficit is the main factor attributing to global trade imbalances. The way to resolve this problem is increasing family savings and reducing financial deficit in the United States.¹²⁴

¹²¹Wang Yong, *Zhongmei jingmao guanxi* [China-U.S. Economic and Trade Relations] (Beijing: China Market Press, 2007), Chap. 6, pp. 230–244.

¹²²Xi Jinping, “Zhuoyan changyuan, xieshou kaichuang zhongmei hezuo xin junmian” [Have a Farsighted View and Jointly Open a New Platform for China-U.S. Cooperation], Xinhua Agency telegram from Los Angeles, February 17, 2012, http://www.gov.cn/ldha/2012-02/18content_2070420.htm.

¹²³For example, David M. Lampton argues that reforming export restrictions (including restrictions on exports to China) will not only promote American economic growth, but also deepen economic interdependence of the United States and China, which is good for both countries. In the abovementioned article—“Power Constrained”—Lampton emphasizes that reforming U.S. restrictions on exports can play a positive role in reducing U.S.-China strategic distrust. See David M. Lampton, “Power Constrained: Sources of Mutual Strategic Mistrust in U.S.-China Relations,” *NBR Analysis*, June 2010. This author believes loosening restriction on exports to China is very helpful to balance China-U.S. trade.

¹²⁴Quoted from Xia Xianliang, etc., *Zhongmei maoyi pingheng wenti yanjiu* [A Study on China-U.S. Trade Imbalances] (Beijing: China Social Sciences Press, 2011), pp. 97–101, 118–119.

China-U.S. economic complementarity and international division of labor are also important factors contributing to the bilateral trade imbalances, as the two countries are in different stages of development and subject to international division of labor in the globalization era. While the United States has advantages in capital and technology, its labor cost is high and products from labor-intensive industries are less competitive. Chinese industries have low technological level, but with low labor cost and more competitiveness of labor-intensive products. China's exports to America are majorly labor-intensive and resource-intensive products, while U.S. exports to China are mainly capital-intensive and technology-intensive products. The two parties have a product structure of strong complementarity. This complementary advantage is reflected in international division of labor. Meanwhile, American transnational corporations, including those containing U.S. domestic retails industries, purchase a great deal of cheap merchandizes producing and assembling in China and sell them to the United States through their Chinese subsidiaries. While these deals are conducted within American transnational corporations themselves, they constitute a big amount of China's exports to America, thus intensifying China-U.S. trade imbalances.¹²⁵ Besides, strategic difference between China and the United States also exaggerates the scale of China's exports to America to a certain degree.

From the above analysis, fundamentally speaking, China-U.S. trade imbalances are not created by the RMB exchange rate. Pushing appreciation of *yuan* cannot resolve the problem. As Stephen Roach, chief economist for Morgan Stanly, argues in a February 2003 article titled "Do Not Take China as the Scapegoat," the main cause of U.S. trade deficit with China is its own economic maladjustment. It has nothing to do with RMB exchange rate with dollar. Even if the United States forces China to change the exchange rate and reduce trade deficit with that country, it still needs to import from other countries with probably higher cost. This means actually to collect "tax" from American consumers, without necessarily changing the general trade deficit of the United States.¹²⁶

Complaining China's Manipulation of Exchange Rate for Causing Loss of Jobs in the United States

Since the outbreak of the 2008 financial crisis, American economy has not yet obtained a momentum for recovery, with a high and unchangeable unemployment rate. Some economists in the United States treat China as the scapegoat of financial crisis. For example, Economic Policy Institute senior fellow Robert Scott published an article—"Rising China Trade Deficit Will Cost One-Half Million U.S. Jobs in 2010" in the institute's *Issue Brief* on September 20, 2010, arguing that China's exports to the United States have brought severe loss to American manufactures.

¹²⁵Quoted from Zhang Ning, *ibid*, pp. 123–124.

¹²⁶Quoted from Wang Yong, *Zhongmei jingmao guanxi*, p. 299.

According to Scott, “Since China entered the World Trade Organization (WTO) in 2001, the United States has lost 5.5 million manufacturing jobs and more than 26,000 (net) manufacturing plants. Between 2001 and 2008 alone, growing trade deficits with China displaced 2.4 million U.S. jobs, and 60% of those jobs were lost in the manufacturing sector.” Quoting U.S. Census Bureau report, he points out “the U.S. trade deficit with China through July 2010 has increased 18% over the same period last year. Growing China trade deficits will displace between 512,000 and 566,000 U.S. jobs.” If this continues, America may fall into economic decline again. Scott concludes that currency realignment can create more than 1 million U.S. jobs, stimulate U.S. GDP growth and “reduce the U.S. budget deficit by up to \$500 billion over the next 6 years.” He appeals Congress to “get tough with China and other currency manipulators” with substantial import tariffs.¹²⁷

Actually, RMB exchange rate is not the fundamental cause of the loss of American job positions. The loss of jobs in American low-end manufacturing links is rooted in international division of labor under economic globalization, transnational capital transfer, and contracting out of American manufactures. Economic globalization intensifies international competition and adjustment of American industrial structure. American labor-intensive industries began to decline as early as 1960s and 1970s, and were, as sunset industries, transferred to Japan, South Korean, Chinese Taiwan, and Southeastern Asian countries. After the establishment of U.S.-China diplomatic relations, the Chinese mainland, as a latecomer, took an upper hand in the competition, thanks to its advantage in labor resource.¹²⁸ As Bruce Dickson and David M. Lampton argues, products imported from China to the United States stopped production in America long before China became an important player in global manufacturing chain.¹²⁹ Hence, to blame RMB exchange rate and U.S. trade deficit with China for loss of jobs in American manufactures cannot hold.

Chinese Academy of Social Sciences Institute of Finance and Trade Economics expert Xia Xianliang analyzes American unemployment rates between 1947 and 2010 and concludes that three periods (1975–1977, 1980–1986, and 2009–2010) in

¹²⁷Robert E. Scott, “Rising China Trade Deficit Will Cost One-Half Million U.S. Jobs in 2010,” *Issue Brief*, No. 283, September 20, 2010. Economic Policy Institute is located in Washington, DC, financially supported by various foundations and American Federation of Labor and Congress of Industrial Organization, see <http://www.epi.org/page/-/pdf/ib283.pdf>. For more details, see Robert E. Scott, “Unfair China Trade Costs Local Jobs: 2.4 Million Jobs Lost, Thousands Displaced in Every U.S. Congressional District,” EPI Briefing Paper, Economic Policy Institute, No. 260, March 23, 2010, p. 1, p. 5; Robert E. Scott, “Currency Manipulation: History Shows That Sanctions Are Needed,” *Policy Memorandum*, Economic Policy Institute, April 28, 2010, pp. 1–2, <http://www.epi.org/page/-/pm164/pm164.pdf>.

¹²⁸Wang Rongjun, “Zhongmei jingmao zaipingheng: lujing yu qianjing” [Rebalance of China-U.S. Trade: Path and Prospect], *Waijiao pinglun* [Diplomacy Review], No. 2, 2010, p. 16.

¹²⁹David M. Lampton, “China’s Rise Does Not Need to Come at America’s Expense,” in David M. Lampton and Alfred D. Welhelm Jr., eds., *United States and China Relations at a Crossroads* (Lanham, MA: University Press of America, Inc., 1995); Bruce J. Dickson, “Updating the China Model,” *The Washington Quarterly*, Vol. 34, No. 4 (Fall 2011), pp. 39–58.

American history with relative high unemployment rates are caused, respectively, by stagnant economy, oil crisis, and financial crisis. While from 2003 to 2008, U.S. annual current account all has a deficit over 500 billion dollars, the unemployment rate was not high during this period. For example, America had a deficit of 802.6 billion dollars in 2006, but the unemployment rate was 4.6%. In 2009, America had 378.4 billion dollars deficit, but unemployment rate was as high as 9.3%. Xia thus argues that American unemployment rate is directly related with the shock of economic and financial crisis, without necessary relations with China-U.S. trade imbalances and RMB exchange rate.¹³⁰

Some American scholars assert that RMB undervaluation is the outcome of China's manipulation. PIIIE organizes a discussion on the Chinese exchange rate in its homepage. It is said that the Chinese government interventions foreign exchange market greatly, leading to a severe RMB undervaluation and massive trade surplus.¹³¹ When PIIIE senior fellow Morris Goldstein was interviewed by the institute's senior editor Steve Weisman on January 28, 2009, he claims that since 2004 "China has been engaging in currency manipulation" for "employment and social stability reasons." He complains about "China's efforts to use prolonged large-scale exchange market intervention to keep the value of the currency artificially low, away from its right level determined by the market, in order to maintain China's advantage in competition".¹³²

Economic Policy Institute senior fellows Josh Bivens and Robert Scott once wrote in September 2006 and advocated China's manipulation of RMB exchange rate. They ask the American government to take countermeasures. According to them, China's manipulation of exchange rate has blocked international trade balances and brought a great deal of trade deficit for the United States, harming the interest of American manufactures. If it is not corrected, the results will be the imbalances in American economy, Chinese economy, as well as the world economy.¹³³

U.S. Business and Industry Council research fellow Alan Tonelson participated in a debate on "Is China a Currency Manipulator?" organized by Council on Foreign Relation on April 15, 2010, and argued that the Obama administration should "declare that China is manipulating its currency to seek trade advantages." According to Tonelson, the United States needs "unilateral tariffs to fully offset the artificial price advantages created for Chinese-made goods by currency

¹³⁰Xia Xianliang, etc., *Zhongmei maoyi pingheng wenti yanjiu* [A Study on China-U.S. Trade Imbalances] (Beijing: China Social Sciences Press, 2011).

¹³¹Hot Topics, The Chinese Exchange Rate, <http://www.iiie.com/research/topics/hottopic.cfm?HotTopicID=3>.

¹³²Peterson Perspectives, Interviews on Current Topics: "Is China a Currency Manipulator?" Steve Weisman interviews Morris Goldstein. Recorded January 28, 2009, <http://www.iiie.com/publications/papers/pp20090128goldstein.pdf>.

¹³³Josh Bievens and Robert E. Scott, "China Manipulates Its Currency—A Response is Needed," *Policy Memorandum*, No. 116, September 25, 2006, <http://www.epi.org/publications/entry/pm116/>.

manipulation.” Meanwhile, “the sooner the United States starts substituting domestic production for imports, the sooner real economic recovery will start, and the sooner the world’s still dangerously high structural economic imbalances will begin shrinking.”¹³⁴ In an interview by the Carnegie on April 23, 2010, Tonelson expressed a similar viewpoint. He said that the Chinese government was manipulating RMB exchange rate and severely undervalued it. This was an important subsidy measure. Because of the underestimation, Chinese merchandizes exporting to the United States enjoyed an advantage of price, which was 50% lower than those made in America.¹³⁵

In fact, American views on undervalued RMB exchange rate as well as the Chinese government’s manipulation are not new. Since China’s entry into the WTO, Chinese exports to the United States have increased dramatically, with a rapidly widening of bilateral trade imbalances. This has aroused the dissatisfaction of American traditional manufactures, such as textile, steel, and automobile parts industries. They attribute the unemployment rate and decreasing competitiveness of manufactures in the United States to China exchange rate policy, believing the Chinese government has actually provided subsidy to exports through undervalued exchange rate and gained competitive advantage. They ask the Bush administration to press China to allow floating exchange rate and appreciate RMB against dollars. On Congress, some members threaten to pass legislation to put pressure on China. With Congressional appeal, the Bush administration has to increase its pressure on China. Around July 21, 2005 when Bank of China announced initiating reform on RMB exchange rate, Chinese and American governments had frank communication. Before the outbreak of financial crisis in August 2008, reform of RMB exchange rate had progressed stably, with an accumulated appreciation of 20% in the following 3 years. During this period, China and the United States dispute on RMB exchange rate gradually calmed down.¹³⁶

In view of global financial situation, China paused exchange rate reform in the latter part of 2008. Meanwhile, because of the bad economic situation in the United States, trade protectionists increased their voice domestically. Some scholars and Congressional members again began to stir up the issue of RMB exchange rate. On March 15, 2010, 130 House representatives like Mike Michaud and Timothy Ryan jointly wrote a letter to Secretary of Treasury Timothy Geithner and Secretary of Commerce Gary Locke, asking Commerce Department to exert anti-subsidy tax on

¹³⁴Stephen S. Roach, Albert Keidel, Charles A. Kupchan, Sebastian Mallaby, Alan Tonelson, and Fred Bergsten, “Is China a Currency Manipulator?” Expert Roundup, Council on Foreign Relations, April 15, 2010, <http://www.cfr.org/china/china-currency-manipulator/p21902>.

¹³⁵Wang Yaping, “Zhuanjia tan zhongmei maoyi yu renminbi huilv” [Expert Talks about U.S.-China Trade and RMB Exchange Rate], *Carnegie China Insight Monthly*, April 23, 2010, <http://chinese.carnegieendowment.org/publications/?fa=40662>.

¹³⁶Xu Yan, “Renminbi huilv zhizheng: Zhongmei de gongshou zhishi” [Dispute on RMB Exchange Rate: Offense and Defense between China and the United States], in Su Zhe, ed., *Houweiji shijie yu zhongmei zhanlue jingzhu* [Post-Crisis World and China-U.S. Strategic Competition] (Beijing: Current Affairs Press, 2011), pp. 124–156.

Chinese products importing into the United States, and Treasury Department to list China as exchange rate manipulator. On March 16, 14 Senators including Charles Schumer and Lindsey Graham proposed *Currency Exchange Rate Oversight Reform Act of 2010*. Meanwhile, House Committee on Ways and Means held a hearing on China exchange rate policy. Democrat Representative from Michigan Sander Levin criticized China's exchange rate policy in the opening remarks. Both Fred Bergsten and Harvard University professor Nial Ferguson participating in the hearing claimed that Treasury Department should declare China as "currency manipulator."¹³⁷

During the midterm elections in 2010, quite a few candidates stirred up the issue of U.S.-China trade imbalances and attack China's RMB exchange rate policy, expecting to gain votes by attacking their rivals. On September 29, House passed legislation with an overwhelming majority of 348 versus 70 initiated by Republic Representative Timothy Ryan from Ohio targeting China's exchange rate, *Currency Reform for Fair Trade Act*. The act asks the Commerce Department to strictly scrutinize merchandise exporting to America, making a judgment whether the export countries' currency is undervalued. If so, it can be regarded as export subsidy, and the U.S. government can exert anti-subsidy tax on the merchandise or take anti-dumping duty.¹³⁸ However, this act failed to be endorsed by the Senate.

During the period of China-U.S. dispute on exchange rate in 2010, the two governments enhanced communication and coordination, discussing how to avoid escalation of their contradictions on the issue. In early 2011, during President Hu Jintao's visit to the United States, the two parties issued a joint statement. When talking about the RMB exchange rate, the Chinese side indicates, "China will continue to promote RMB exchange rate reform and enhance RMB exchange rate flexibility."¹³⁹ Since June 2010, China restored the floating of RMB exchange rate with dollar, and the U.S. Department of Treasury did not list China as an exchange rate manipulating state in its biannual report on exchange rate.

On October 3, 2011, U.S. Senate voted to pass an act in procedure a *Currency Exchange Rate Oversight Reform Act of 2011* (S. 1619) to push the change of RMB exchange rate in order to improve American trade imbalances with China. On October 25, U.S. Deputy Secretary of Treasury Lael Brainard testified before House that appreciation of RMB by itself could not resolve U.S. trade deficit with China. On the same day, former Secretary of Treasury Henry Paulson pointed out in a speech at SAIS that RMB exchange rate is not the main cause of U.S. trade deficit with China. He emphasizes that promoting legislation draft to punish China is not

¹³⁷Ibid.

¹³⁸H. R. 2378 (111th Congress), *Currency Reform for Fair Trade Act*, passed by the House of Representatives on September 29, 2010, <http://govtrack.us/congress/bills/111/hr2378>. For Ryan's testimony on September 15 before House Committee on Ways and Means, see Representative Ryan and Bocchieri Testify on Behalf of China Currency Legislation, September 15, 2010, <http://timryan.house.gov/press-release/rep-ryan-and-bocchieri-testify-behalf-china-currency-legislation>.

¹³⁹U.S.-China Joint Statement, January 19, 2011, <https://www.whitehouse.gov/the-press-office/2011/01/19/us-china-joint-statement>.

helpful to resolve the issue of American trade deficit. Goldman Sachs Group president and former first economist Jim O' Neill said when interviewed by the CNN that America appeals for RMB appreciation is just like "play politics." According to him, before the breakout of financial crisis, China's trade surplus with America accounted for 10% of China's GDP, now only about 2%, suggesting the resolution of American trade deficit with China has made a big progress.¹⁴⁰

In Brief, pressing RMB appreciation cannot resolve American trade deficit and increase products and jobs in U.S. labor-intensive industries. Rather, it will squeeze profits of American transnational corporations investing in China and harm the interest of American consumers with low and middle income. At present, the recovery of world economy is still uncertain. Thus, RMB appreciation is not helpful to economic stability and development in the world.¹⁴¹

6.2.2.2 China-U.S. Economic Relations: Cooperation in a Win-Win Game

China's Economic Development Is not a Threat but an Opportunity to the United States and the World

The majority of American think tanks and scholars holds a view that China's rapid economic development will not threaten American economy, but benefits it as well as world economy. Moreover, China does not seek to change current global economic order, but voluntarily joint it with deep involvement. Therefore, China has become the maintainer of world economic order, rather than a challenger to it.

PIIE expert Nicholas Lardy wrote an article on August 1, 2003, in *Economy Review* run by Federal Reserve Bank of Cleveland. As he argues, China's huge market to be developed yet has provided a great business opportunity for American enterprises, and China's rapid economic development will bring more benefits than harms to the United States.¹⁴²

The abovementioned book *China: The Balance Sheet—What the World Needs to Know Now About the Emerging Superpower* coedited by Fred Bergsten and his collaborators argues that China has become the main engine of global economic growth, demonstrated by China's actual economic growth speed and foreign trade volume. According to the authors, generally speaking, China's economic rise is an opportunity to the United States as well as the world. Because China's big economic scale, rapid development speed, and gradual opening, China has become an

¹⁴⁰“Goldman Sachs Group President Jim O' Neill: American Asks RMB Appreciation Is Playing with Politics,” *Cankao xiaoxi*, November 29, 2011, A16.

¹⁴¹Wei Jianguo, “A Game between China and the United States on RMB Exchange Rate,” *Nangfengchuang* (Bimonthly), No. 9, 2010, pp. 72–73.

¹⁴²Nicholas R. Lardy, “The Economic Rise of China: Threat or Opportunity?” *Economic Commentary*, Federal Reserve Bank of Cleveland, August 1, 2003.

important origin for global economic development. America gained benefits of 70 billion dollars from Chinese economic development, with an average of 625 dollars for each household.¹⁴³

U.S. Congressional Research Service issued a report on January 23, 2007. According to the report, “from an economic perspective, describing China’s economic rise or its economic policies as an economic “threat” to the United States fails to reflect the complex nature of the economic relationship and growing economic integration that is taking place. Hence it may be more accurate to say that China’s economic growth poses both challenges and opportunities for the United States.”¹⁴⁴ In the summary of the report, the authors point out that over the past 28 years, “China’s economic rise has led to a substantial growth in U.S.-China economic relations.” Total trade between the two countries has surged from \$4.9 billion in 1980 to \$343 billion in 2006. “For the United States, China is now its second largest trading partner, its fourth-largest export market, and its second-largest source of imports. Inexpensive Chinese imports have increased the purchasing power of U.S. consumers. Many U.S. companies have extensive manufacturing operations in China in order to sell their products in the booming Chinese market and to take advantage of low-cost labor for exported goods. China’s purchases of U.S. Treasury securities have funded federal deficits and helped keep U.S. interest rates relatively low. Despite the perceived threat from China, the U.S. economy has recently maintained full employment and robust economic growth.” Therefore, China’s economic development is also good for the United States.¹⁴⁵

The report gives a detailed analysis of the respective advantages of the United States and China as two great economic entities, as well as the positive influence of China’s rapid economic growth on American. It makes the following two points. First, “China will likely become the world’s largest economy within the next decade or two (provided it can continue to deepen economic reforms), its living standards (as measured by per capita GDP) will remain substantially below those in the United States for several decades to come.” China’s economic ascendancy per se will not “undermine or lower U.S. Living standards—these will be largely determined by U.S. economic policies.” Second, although various Chinese economic policies may have negative effects on certain U.S. economic sectors, other U.S. sectors as well as consumers have benefitted, and thus far “the overall impact of China’s economic growth and opening up to the world appears to have been

¹⁴³Fred Bergsten, Bates Gill, Nicholas Lardy, and Derek Mitchell, *China: The Balance Sheet. What the World Needs to Know Now About the Emerging Superpower* (New York: Public Affairs, 2006), p. 80, 116.

¹⁴⁴Craig K. Elwell, Marc Labonte, and Wayne M. Morrison, “Is China a Threat to the US Economy?” *Congressional Research Service*, January 23, 2007, p. 4, <http://fpc.state.gov/documents/organization/81360.pdf>.

¹⁴⁵Craig K. Elwell, Marc Labonte, and Wayne M. Morrison, “Is China a Threat to the US Economy?” *Congressional Research Service*, January 23, 2007.

positive for both the U.S. and Chinese economies.” Hence, the report concludes it is inaccurate to say China’s economic development will threaten American economy.¹⁴⁶

Harvard University professor Joseph Nye, former Secretary of Treasury Lawrence Summers, PIIE senior fellow Arvind Subramania also think China’s economic rise is not sufficient to pose a threat to the United States, either at present or in the future. As U.S. Vice President Joseph Biden puts it in an article in *New York Times* on September 7, 2011, after his China trip, a successful China can make America “more prosperous.” According to Biden, in 2010, “American companies exported more than \$100 billion worth of goods and services to China, supporting hundreds of thousands of jobs” in the United States. In fact, U.S. exports to China have been growing much faster than its exports to the rest of the world. As Chinese economy shifts “from an economy driven by exports, investment and heavy industry to one driven more by consumption and services,” it will bring more opportunities to America. Biden recognizes that “as the United States and China cooperate, they also compete,” but he strongly believes that “the United States can and will flourish from this competition.” He believes “the nature of 21st-century competition favors the United States,” as the “true wealth of a nation is found in the creative minds of its people and their ability to innovate.” Regarding some Americans worry about China’s “owning” America’s debt, Biden argues, “China holds just 8% of outstanding Treasury securities. By comparison, Americans hold nearly 70%.” He clearly states, some “see China’s growth as a threat, entertaining visions of a cold-war-style rivalry or great-power confrontation ... I reject these views.”¹⁴⁷

Other scholars elaborate the positive contribution of China’s economic rise to the world from the perspective of international regime. According to them, China is actively and voluntarily joining current international economic order, not seeking to challenge the system; China’s rapid economic development is helpful to enhance international economic order. MIT professor of political science and China expert Edward Steinfeld published a book titled *Playing Our Game: Why China’s Rise Doesn’t Threaten the West* in August 2010. According to the book, “China today is growing not by writing its own rules but instead by internalizing the rules of the advanced industrial West. It has grown not by conjuring up its own unique political-economic institutions but instead by increasingly harmonizing with our own. In essence, China today—a country at the peak of its modernization revolution—is doing something if historically never really did before. It is playing our game.” Steinfeld think this game is globalization. During the process, China continuously adjusts its own domestic economic and political systems that are inconsistent with globalization. This adjustment and reform is Chinese society’s own

¹⁴⁶Craig K. Elwell, Marc Labonte, and Wayne M. Morrison, “Is China a Threat to the US Economy?” *Congressional Research Service*, January 23, 2007, pp. 3–4.

¹⁴⁷Joseph R. Biden, Jr., “China’s Rise Isn’t Our Demise,” *The New York Times*, September 7, 2011.

choice, it not only has reshaped China's developmental direction, but will also bring about positive influence on our own development."¹⁴⁸ According to the author, China's rapid development not only strengthens itself, but also meets our interest. China's participation in global division of labor can permit "the world's wealthiest nations, particularly the United States, to surge forward in technological innovation and commercial creativity." It is helpful to consolidate U.S. leading position in business, increase American companies' capacities, and reinforce international economic system dominated by the West. America should make efforts to promote recovery of its own national economy, help to bring about economic recovery of other countries, and maintain the stability of the international system. According to the author, the United States should not and does not need to accept and endorse what the Chinese government has done. But it should accept the change China has experienced.¹⁴⁹

From the above discussion one can see that majority scholars take a positive view of China's economic development. For them, China's rapid economic development will bring about an unprecedented opportunity to America and the world. Chinese economic rise will not only bring about substantial benefits to America, but also help to consolidate U.S. leading position in business, enhance capacity of American companies, and promote global economic recovery.

High Deficit in U.S. Trade Is not China's Responsibility

In fact, RMB appreciation has no necessary relations with improvement of global trade imbalances and reduction of U.S. trade deficit. In other words, global trade imbalances is not China's responsibility. For example, Charles W. Freeman, director of CSIS' Freeman Chair in China Studies, wrote an article on January 28, 2009. According to him, "China's currency system has not been a significant factor in the U.S. trade deficit with China, given that the bulk of products imported from China ceased to be made in the United States long before." For Freeman, "the undervalued nature of the RMB may have been a net positive for the U.S. economy over the last few years, helping reduce inflation and easing the lives of Americans at lower income levels." Therefore, appreciation of RMB will not necessarily reduce U.S. overall trade deficit or replace Chinese imports with goods made in the United States. "It is far from certain that the net result will be more jobs or better income levels for poorer Americans." As Freeman points out sharply, "The United States has a current account deficit with China because Americans have been addicted to living beyond our means: consuming too much and saving too little." According to him, "Attacking China's currency regime without addressing U.S. domestic fiscal prudence" cannot resolve the problem. As he argues, "The roots of the current

¹⁴⁸Edward S. Steinfeld, *Playing Our Game: Why China's Rise Doesn't Threaten the West* (Oxford & New York: Oxford University Press, 2010), p. 18.

¹⁴⁹Ibid, p. 234.

global financial meltdown are deep in the global imbalances that flooded the United States with cheap credit, a process that began before China's emergence but has reached epic heights as China's economy exploded." China has also suffered from the global imbalances, as they have to misallocation of investment within China.¹⁵⁰

In addition, on April 23, 2010, *Carnegie China Insight Monthly* interviewed the foundation's research associate and former World Bank China Representative Office Chair Representative Yukon Huang on the controversial issue of RMB exchange rate and U.S.-China trade. According to Huang, RMB appreciation cannot fundamentally improve the issue of world trade imbalances. The case of China is like that of Japan in 1980s, when it also had huge trade surplus with the United States. Japan's exchange rate has increased from 260 *yen* to one dollar in the early 1980s to 95 *yen* to one dollar at present, appreciating about 4 times, but the huge trade surplus with America remains today. Hence, if America cannot change its consuming and saving style, exchange rate almost cannot change current trade imbalances between the United States and China. Only if America increase saving and China increase consumption, can the bilateral trade gradually reaches fundamental balances. To expect to correct U.S.-China trade imbalances in a short time through adjustment of exchange rate is obviously unrealistic.¹⁵¹

Cato Institute Center for Trade Policy deputy director Daniel Ikenson wrote an article on March 24, 2010, arguing that Chinese currency rise will have a "negligible effect" on the U.S.-China trade deficit. He analyzes the degree of RMB appreciation and change of U.S. trade deficit with China from July 2005 to July 2008 and points out that during this period, the RMB appreciated by 21% against the dollar—from a value of \$.1208 to \$.1464. During that same period (between the full year 2005 and the full year 2008), the U.S. trade deficit with China increased from \$202 to \$268 billion. Meanwhile, U.S. exports to China increased by \$28.4 billion, or 69.3%. "But how much of that increase had to do with RMB appreciation is very much debatable," he argues. For example, in 2005, U.S. exports to China increased by \$6.8 billion with a slight RMB appreciation; in 2006, exports jumped another \$12.5 billion while the RMB appreciated by 2.8%. However, in 2007, "despite an even stronger 4.7% RMB appreciation, the increase in exports was only \$9.3 billion." In 2008, the RMB appreciated by 9.5%, but the increase in exports fell to \$6.8 billion. If currency value were "a strong determinant," then export growth should have been much more robust than it was in 2007 and 2008. But it is not true actually.¹⁵²

In the view of think-tank scholars, U.S.-China trade imbalances are due to several factors. American interest policy and deficit shift are two important causes.

¹⁵⁰Charles W. Freeman III, "Chasing the Currency Dragon," Commentary, CSIS, January 28, 2009, https://csis-prod.s3.amazonaws.com/s3fs-public/legacy_files/files/media/csis/pubs/090128_freeman_chinacurrency.pdf.

¹⁵¹Wang Yaping, "Expert Talks about U.S.-China Trade and RMB Exchange Rate," *Carnegie China Insight Monthly*, April 23, 2010, <http://www.chinaelections.com/article/1082/173396.htm>.

¹⁵²Daniel J. Ikenson, "Appreciate this: Chinese currency rise will have a negligible effect on the trade deficit," March 24, 2010, <http://www.cato.org/pubs/ftb/FTB-041.pdf>.

For example, on June 23, 2010, University of California at Berkeley professor Laura D'Andrea Tyson and Morgan Stanley Asia non-executive chairman Stephen Roach testified before Senate Foreign Relations Committee that U.S. trade deficit with China is indeed the highest among its deficit with foreign countries, accounting for 36% of U.S. foreign trade in merchandise. However, they also reminded people that the United States has trade deficit with other more than 90 countries, and the main cause of such multilateral trade imbalances is the unprecedented low saving rate in the United States. Meanwhile, U.S. huge trade deficit with China is mainly due to American transnational corporations consciously contract out merchandise production and American consumers strong long for cheap and fine-quality merchandise produced in China, rather than China's unfair trade policy. The bottom line here is that the United States should not try to resolve its multilateral trade imbalances by forcing RMB appreciation against U.S. dollars. They warned that congressional trade sanctions on Chinese merchandise would not only harm interest of American companies and consumers but also arouse reaction from China. If China takes similar measures against American merchandise importing into its board, it may impact on the Obama administration's goal of doubling trade volume in 5 years. If China reduces purchase of American debt, American interest rate will jump and dollar will depreciate. This is not only unhelpful to resolve federal deficit, but also hurt the stability of international financial market.¹⁵³

RAND senior fellow William H. Overholt published a commentary on *The Christian Science Monitor* on July 13, 2007. According to him, the fundamental causes of the trade deficit are not RMB exchange rate, but lie in lower saving rate, relaxed monetary policy, and deficit shift in the United States. As "Asian countries move final assembly of computers, shoes, and much else to China, the former surpluses of Japan, Taiwan, and Hong Kong increasingly show up as China's, while the good jobs and profits largely remain in those other places," and what the Chinese mainland gains is only the profit from assembly processing. In fact, while China's share of the U.S. trade deficit increased, the share of the rest of East Asia actually fell from 43% in 1997 to 17% in 2006.¹⁵⁴

Daniel Ikenson continues his argument in an article on *Wall Street Journal* on April 2, 2010 on the issue of deficit shift. As he argues, the results from growing field of research show that "only a fraction of value of U.S. imports from China represents the cost of Chinese labor, materials and overhead. Most of the value of those imports comes from components and raw materials produced in other countries, including the U.S." In other words, among the value of imports from China, one-half to nearly two thirds of it is not created in China. "Instead, it reflects

¹⁵³Laura Tyson and Stephen Roach, "Opportunities and Challenges in US-China Economic Relationship," testimony presented to US Senate Foreign Relations Committee, June 23, 2010. Hearing on "the New US-China Economic Relations, Living with Friction."

¹⁵⁴William H. Overholt, "Cost of Unleashing Chinese Currency: Congress, Be Careful What You Wish for," *The Christian Science Monitor*, July 13, 2007, <http://www.rand.org/blog/2007/07/cost-of-unleashing-chinas-currency.html>; <http://www.rand.org/commentary/2007/07/13/CSM.html>.

the efforts of workers and capital in other countries, including the U.S.” “The proliferation of transnational production and supply chains has joined higher-value-added U.S. manufacturing, design, and R&D activities with lower-value manufacturing and assembly operation in China. For example, each Apple iPod costs \$150 to produce, but only about \$4 of that cost in Chinese value-added. Most of the value comes from components made in other countries, including the United States. Yet, when those iPods are snapped together and imported from China, the full \$150 is counted as an import from China, adding to the trade deficit between the two countries.¹⁵⁵

University of California at Berkeley professor Laura Tyson expresses the similar idea in an article in *The New York Times* on May 6, 2011. According to her, great appreciation of RMB since 2005 has not changed high deficit of U.S. trade with China. On contrary, U.S. trade deficit with China has grown about one third over several years since then. The increasing growth of American imports from China is principally due to the fact the main parts of many products imported from China are made in South Korea, Hong Kong, and Taiwan, and the Chinese mainland is only responsible for assembly. In the formation of value of these products, the Chinese mainland’s assembly contributes only 10–30% of the whole value of the products. Thus, unless South Korea, Hong Kong, and Taiwan as economic entities appreciate their currencies at the same pace like the RMB, 20% of appreciation of Chinese currency has no impact on the price of Chinese merchandize exporting to the United States. In fact, according to the analysis of International Monetary Foundation (IMF), RMB’s actually exchange rate (including currency floating of other economic entities like South Korea, Hong Kong, and Taiwan who provide products parts to the Chinese mainland) is much slower than the appreciation of RMB’s exchange rate per se.¹⁵⁶

From the above analyses, one can find that U.S. trade deficit with China and the bilateral trade imbalances are not caused by RMB’s foreign exchange rate, but due to American government’s low interest rate, American people’s habit of low saving, and shift of trade deficit. RMB appreciation cannot fundamentally resolve high deficit of American trade with China. Forcing Chinese currency appreciation to reduce U.S. deficit and adjust bilateral trade imbalances are not realistic and nor feasible.

¹⁵⁵Daniel J. Ikenson, “China Trade and American Jobs,” *The Wall Street Journal*, April 2, 2010, <http://www.cato.org/publications/commentary/china-trade-american-jobs>.

¹⁵⁶Laura Tyson, “The Outlook on China’s Currency,” *The New York Times*, May 6, 2011, <http://economix.blogs.nytimes.com/2011/05/06/the-outlook-for-chinas-currency/>. Atlantic Council senior fellow Albert Keidel frankly stated in a roundtable discussion of Council on Foreign Relations on April 15, 2010, that U.S. spending bubble and unbridled credit expansion are the fundamental causes of U.S.-China trade imbalance. Stephen S. Roach, Albert Keidel, Charles A. Kupchan, Sebastian Mallaby, Alan Tonelson, and Fred Bergsten, “Is China a Currency Manipulator?” Expert Roundup, Council on Foreign Relations, April 15, 2010, <http://www.cfr.org/china/china-currency-manipulator/p21902>.

Loss of Employment Positions in the United States Is not China's Responsibility

The loss of American jobs has no necessary relations with RMB foreign exchange rate and U.S. trade deficit with China. For example, William H. Overholt again wrote an article in *South China Morning Post* on November 7, 2003, pointing out 12 myths in then anti-China wave regarding RMB exchange rate. As regards to the job issue, the author making the follow three points:

First, regarding the myth that “the Chinese currency is a principal cause of the loss of 2.7 million manufacturing jobs” in the United States, the author quotes RAND senior fellow Charles Wolf 's view that “when productivity grows faster than gross domestic product, and during recessions, jobs decline” to repute it. As he argues, the gap between productivity and growth is a very powerful cause of job losses.

Second, regarding the myths that “America faces a manufacturing crisis, caused by competition from China” and that “due to its undervalued currency, China is taking over manufacturing of almost everything,” the author points out that “U.S. manufacturing production has soared, decade after decade. Imports from China equal only 5% of U.S. manufacturing.” Moreover, “China's successes have been concentrated in low-end manufacturing.” About 83% of Chinese technology exports are the exports of foreign companies (with a considerable number of American companies in China), and the bulk of the profits typically go to those companies.

Third, as for the myth that “restricting imports from China would reduce U.S. unemployment,” the author argues that if these proposed remedies and sanctions are implemented, they would mostly just shift jobs from China to other Third World countries at the expense of U.S. consumers.” In fact, America no long manufactures many merchandizes importing from China and, therefore, “has no jobs at stake.”¹⁵⁷

In the abovementioned article on *Wall Street Journal*, Daniel Ikenson also argues no necessary relations between American job loss and its trade deficit with China. According to him, Senator Charles Schumer and others on Capitol Hill “attribute 2.4 million American job losses between 2001 and 2008 to the bilateral trade deficit. Their figure “comes from the union-backed Economic Policy Institute.” As Ikenson points out, “EPI's methodology is not taken seriously by most economists because it approximates job gains from export value and job losses from import value, as though there were a straight line correlation between the figures. And it pretends that imports do not create or support U.S. jobs.” In fact, “the jobs of large numbers of American workers depend on imports from China.” Unfortunately, it is “seldom noted in the union-controlled discussion of trade on Capitol Hill.”¹⁵⁸

¹⁵⁷William H. Overholt, “Exposing the Myths,” *South China Morning Post*, November 17, 2003, <http://www.rand.org/blog/2003/11/exposing-the-myths.html>.

¹⁵⁸Daniel J. Ikenson, “China Trade and American Jobs,” *The Wall Street Journal*, April 2, 2010.

In brief, the loss of jobs in U.S. manufactures is due to their strong growth in productivity and transfer of American economy to service-oriented industries rather than the outcome of China's manipulation of RMB exchange rate. No necessary relations exist between loss of American manufacturing jobs and its trade deficit with China. Restriction on imports from China will not necessarily help increase employment in the United States. Exerting penalty duty on Chinese merchandise exporting to the United States will not only unhelp protection of American jobs and reduction of trade deficit with China, but also harm the interest of American consumers.

Treating the Issue of RMB Exchange Rate Rationally

In the debate about whether China is manipulating exchange rate, some scholars suggest U.S. Treasury Department to list China as "exchange rate manipulator" in its annual report, but majority American scholars do not support it. According to them, doing so will not only unhelp resolving bilateral trade friction, but also "poison" their economic cooperation. The Bush and Obama administrations always refused to label China as "currency manipulator" when they submitted biannual reports on currency manipulation review to Congress.

On April 15, 2010, Council on Foreign Relations invited six experts to discuss the issue whether China manipulates RMB exchange rate. In the discussion, Morgan Stanley Asia chairman Stephen Roach, Atlantic Council senior fellow Albert Keidel, Georgetown University professor Charles Kupchan, and Council of Foreign Relations Department of International Economics senior fellow Sebastian Mallaby all think the Obama administration is right to delay its annual report on foreign exchange rate.

Roach argues that if Treasury Department uses the report to blame China for manipulating exchange rate, it means that the United States openly deny its own role in creating global trade imbalances, for which America is responsible. Because U.S. net national saving rate is negative, "the bulk of China's foreign exchange reserves are recycled into dollar-based assets, which helps fund the massive U.S. savings shortfall." He asks, "Who might deficit-prone Washington turn to if it shuts off the Chinese funding spigot?" At a minimum, if China reduces buying American debt, it would "spell sharp downward pressures on the dollar and/or higher long-term U.S. interest rates—developments that could well trigger the dreaded double dip in the U.S. economy." For Roach, China does manage its currency very carefully, because it believes that is "essential to protect an embryonic financial system and maintain social stability." However, beginning in July 2005, it revamped its foreign exchange mechanism toward to a managed float. While this arrangement was suspended during the crisis, senior Chinese officials have given every indication that the hiatus is about to end if Chinese economy is stabilized. From this perspective, Roach argues that the Treasury's delay of the foreign exchange report and its not listing China as currency manipulator is right.

Albert Keidel endorses Treasury Department's decision. According to him, if Treasury cites China for currency manipulation, that "would be a mistake, with flawed economics and long-term damage to U.S. national security." As he puts it, "America's RMB exchange rate campaign undervalues China's legitimate accomplishments, mistakenly paints China's economic success as 'export-led cheating,' and buttresses denial of the urgent need for domestic U.S. reforms." In fact, with the influence of financial crisis, "China's surplus halved" from July to December 2009. Keidel asked forcibly, "Was that manipulation?"¹⁵⁹

Brookings Program on Global Economy and Development director and former World Bank chief economist Homi Kharas wrote an article on November 10, 2010, before the G-20 summit in Seoul, South Korea. According to Kharas, the so-called "China manipulating currency unfairly" view pervasive in American academic circle, think tanks, mainstream media and even G-20 summit in Seoul cannot hold. Kharas says that he read with great interest *G-20 Group 2010 Report on Employment* issued by International Labor Organization (ILO) headquartered in Geneva, Switzerland, trying to find out evidence to support the above argument, that is, what China gains in the manufactures is what the United States loses. But he surprisingly found that the data suggest just the other way. In the sphere of trade, with the influence of the financial crisis, Chinese manufactures in 2010 actually lost a lot of jobs while American manufactures gained a lot. Therefore, the author argues that the issue of "China manipulating currency" actually reflects a competition between China and other emerging economic entities rather the competition between the United States and China.¹⁶⁰

On June 23, 2010, Laura Tyson and Stephen Roach testified before Senate Foreign Relations Committee, arguing that U.S. exports to China increased 50% in the first quarter of 2010 on the 2009 basis (20% for other regions in the world), and continued to increase in two digits. China therefore had become the third market for American exports, with fastest speed in increase. The two scholars said that they do not support many American economists' suggestion that demanding China immediately appreciate RMB against dollar to a great degree. For Tyson and Roach, China is still a developing country with immature financial system. China must maintain financial stability and prevent the potential damage of speculating capital. Just on this point, China has sufficient reason to believe that a strictly managed currency policy is one important factor in maintaining financial stability. They emphasize that China's adjustment of its foreign exchange rate policy on June 10,

¹⁵⁹Stephen S. Roach, Albert Keidel, Charles A. Kupchan, Sebastian Mallaby, Alan Tonelson, and Fred Bergsten, "Is China a Currency Manipulator?" Expert Roundup, Council on Foreign Relations, April 15, 2010, <http://www.cfr.org/china/china-currency-manipulator/p21902>.

¹⁶⁰Homi Kharas, "On Chinese Currency Issue: Narrative and Reality," The Brookings Institution, November 20, 2010, http://www.brookings.edu/opinions/2010/1110_chinese_currency_kharas.aspx.

2010 has actually released an important signal to American policymakers, that is, Chinese leaders have seriously considered the concern of the American side.¹⁶¹

By the eve of China-U.S. strategic and economic dialogue in May 2011, the widespread view of scholars is that while the currency issue is still the important one in discussion, it had been cooling down. For example, Jeffrey Bader, who just left the Obama administration as Senior Director for Asian-Pacific Affairs of the National Security Council in the end of April 2011, wrote an article on May 6 to play down the issue of RMB exchange rate. According to Bader, during the then upcoming third round of U.S.-China strategic and economic dialogue on May 9, the currency issue would still be an important issue of U.S. persistent concern, but the two parties would not be entangled with it. Because China began to allow for currency appreciation for 5% one year earlier, in addition to inflation in China, RMB's competitive advantage over dollar had decreased about 10%.¹⁶² Brookings Global Economy and Development senior fellow and former IMF China Office director Eswar Prasad expressed a similar view in an article on May 6, 2011.¹⁶³

When discussing the possible issues in the third round of U.S.-China dialogue, CSIS experts Charles Freeman, IV and Bonnie Glaser both realized that China would promote currency liberalization based on its own conditions and according to its own pace. The United States expected China to make more commitments on rebalancing economic growth means, reducing reliance on investment and exports.¹⁶⁴

On October 3, 2011, U.S. Senate passed in procedure a planned legislation *Currency Exchange Rate Oversight Reform Act of 2011*, targeting directly to RMB exchange rate, and claiming that if China failed to make an adjustment, America would exert penalty duty on Chinese merchandise exporting to the United States. Some Senators put pressure on the White House, asking U.S. Treasury Department to list China as currency manipulator in the department's forthcoming report on October 15. They also demanded President Obama to press China to appreciate RMB quickly in the G-20 summit, APEC informal leadership meeting, and East Asia summit in the coming November.

In fact, it is unreasonable to charge the Chinese government for currency manipulation. As Daniel Ikenson and Sallie James from the Cato mentions, it is

¹⁶¹Laura Tyson and Stephen Roach, "Opportunities and Challenges in US-China Economic Relationship," testimony presented to US Senate Foreign Relations Committee, June 23, 2010. Hearing on "the New US-China Economic Relations, Living with Friction."

¹⁶²Jeffrey A. Bader, "U.S.-China Senior Dialogue: Maintaining the Balance," John L. Thornton China Center, the Brookings Institution, May 6, 2011, http://www.brookings.edu/opinions/2011/0506_strategic_economic_dialogue_bader.aspx; http://www.brookings.edu/opinions/2011/0506_strategic_economic_dialogue_bader.aspx.

¹⁶³Eswar Prasad, senior fellow, Global Economy and Development, "The U.S.-China Strategic and Economic Dialogue: A Preview of Key Economic Issues," The Brookings Institution, May 6, 2011, http://www.brookings.edu/opinions/2010/1110_chinese_currency_kharas.aspx.

¹⁶⁴Charles Freeman, and Bonnie S. Glaser, "The U.S.-China Strategic and Economic Dialogue," May 9, 2011, CSIS, <http://csis.org/publication/us-china-strategic-and-economic-dialogue-0>.

erratic to say that the U.S. trade partners (China as the most prominent cheater) are cheating (such as industry subsidization, currency manipulation, intellectual property theft), as some in Congress and academia do. According to the two authors, under the request of House Ways and Means Committee, U.S. International Trade Committee began to study Chinese government policies and their effects on the American trade deficit as early as 2007, but it was “abruptly terminated” in 2008 by the chairman of that committee. “Observers suggested that the committee came to realize that the study might not provide adequate support for the theory that a significant relationship exists” between Chinese policy and U.S. trade deficit. The two authors appeal the 111th Congress to allow “independent agencies to research and then publish the objective facts about manufacturing, imports, trade agreements, and the trade account.” The authors emphasize particularly, “Finding and sharing the truth and letting the ‘chips fall where they may’ should be among first steps toward rebuilding the pro-trade consensus.”¹⁶⁵

From the above analysis, one can see that the argument of China’s economic threat has gradually become the important issue in China policy debate among American think tanks with the rapid rise of Chinese economy. In this debate, some think-tank scholars consider China-U.S. economic relations as a zero-sum game, attributing American trade deficit with China and loss of domestic jobs to China’s currency manipulation. The majority scholars do not agree with this view. They think China’s economic development provides opportunity rather than posing threat to the United States as well as the world. According to them, forcing RMB appreciation cannot fundamentally resolve the issue of high trade deficit with China or mitigate American unemployment pressure domestically. They insist to handle RMB exchange rate pragmatically and reasonably, manage U.S.-China economic dispute through dialogue, and create conditions for virtuous development of the bilateral trade.

Since reform and openness, China has speed up its participation in economic globalization and made important contribution to economic stability and balanced development during the process. In the wake of huge currency depreciation in neighboring countries and areas resulted from the 1997 Asian financial crisis, China maintained a basically stable RMB exchange rate, contributing significantly to regional economic stability and development. After the 2008 international financial crisis, China actively participates in global economic governance regime such as the G-20 mechanism, and international trade financing plan and financial cooperation, making great contribution in preventing crisis spread and promoting economic recovery in the world.¹⁶⁶ In the face of current complicated China-U.S. economic relations and difficult recovery of the world economy, people from all walks of life

¹⁶⁵Daniel Ikenson and Sallie James, “Trade,” in David Boas, ed., *Cato Handbook For Policymakers* (7th Edition) (Washington, DC: Cato Institute, 2009),

<http://object.cato.org/sites/cato.org/files/serials/files/cato-handbook-policymakers/2009/9/hb111-59.pdf>.

¹⁶⁶The State Council Information Office of the People’s Republic of China, *Zhongguo de heping fazhan* [China’s Peaceful Development] (Beijing: People’s Publishing House, 2011), p. 7.

in China and the United States, particular some Americans from the academic circle, should make a rational judgment on the bilateral economic relations and promote their health development by opposing politicalization of economic issue.

6.2.3 *Debate on Threat of China's Developmental Model*

Over the past three decades since reform and openness, China has gradually found a developmental model or road fitting its current national characteristics by continuously generating experiences and lessons from the process of economic development. Briefly speaking, it is socialist market economy with Chinese characteristics. The Chinese government has survived from many domestic and international challenges over the past 30 years, particularly the 1997 Asian financial crisis and 2008 global financial crisis, and successfully guided the development of Chinese economic development. For this reason, China's developmental model has caught more and more attention from the outside world.

It was under this background that *Time* senior editor and Goldman Sachs Group John Thornton Office Managing Partner Joshua Cooper Ramo proposed the concept of "Beijing Consensus" in 2004 through observing the characteristics of China's economic development model. According to Ramo, China's economic development follows three basic principles. First, China focuses on the reposition of the value of innovation. In other words, rather than rigidly following doctrines, China determines its development way in accordance with realistic situations it faces. Second, the GDP is not the only standard to measure economic development. Instead, social wealth distribution is also important standards when examining whether economic system is sustainable. Third, China stresses considering the determination of national policy and taking account of geopolitical and geo-economical factors in policy determination. Ramo argues that the rapid development of China's economy proves the advantages of China's economic development model.¹⁶⁷

In practice, some developing countries, particularly some in Latin America and Africa, have experienced severe frustrations in their own development since the 1990s because of over-reliance on the economic reform policies proposed by international financial institutions dominated by the West, such as the IMF and the World Bank. The Argentinean economic collapse in 2011 further aroused the worry of some developing countries. The outbreak of the 2008 international financial crisis has exposed the problem of Western free market economy. While Chinese economy also suffered severely by the crisis, its recovery is fast and stably because of the appropriate measures of the government.

Under this background, some American scholars argues that the Beijing Consensus has posed a challenger and even a threat to Western developmental

¹⁶⁷Joshua Cooper Ramo, *The Beijing Consensus* (London: The Foreign Policy Centre, 2004), pp. 11–12.

model of free market economy, or the “Washington Consensus.” A heated debate was followed on the advantages and disadvantages of the two different models among the American academic circle, particularly think tanks. Such a debate reflects the attention of the outside world to China’s developmental model. However, the mainstream scholars in China do not support the thesis of the “Beijing Consensus,” and the Chinese government also keeps distance from it. China has not made efforts to advocate its own developmental model.¹⁶⁸

6.2.3.1 Beijing Consensus: Socioeconomic Development Model or Ideology

According to Roma, the “Beijing Consensus” emphasizes reform, development, innovation and experiment (e.g., setting up special economic zones). It adheres to both ideal and reality, and principle and flexibility. It also emphasizes gradualism (e.g., “crossing the river by touching the stones”) and accumulation of capacities. It insists on protecting national sovereignty and interest (e.g., handling of the Taiwan issue) and resolving disputes through peaceful means. It pays attention not only to sustainably economic high growth and stably advanced political reform, but also to people’s livelihood and social justice and fairness. It concerns both domestic development and global balances of powers. Ramo argues that the “Washington Consensus” has demonstrated its arrogance by the claim of “the end of history” and become discreditable. By contrast, the “Beijing Consensus” has attracted admiration of many developing countries because of China’s modest style.¹⁶⁹

Nevertheless, Roma also sharply points out that other countries cannot copy China’s development trajectory. The “Beijing Consensus” has many contradictions, tensions and limitations as well. Having said that, he still believes that China’s successful experiences in its rise are very attractive to many developing countries. Facing a series of dilemmas in contemporary global development, experts in Washington seem unable to do as much as they would like to. This fact has

¹⁶⁸Chinese mainstream scholars usually do not agree with the thesis of the “Beijing Consensus,” and are cautious to the concept of “China model,” showing that China has no intention to export its “model.” For example, Central Party School professor Li Junru wrote an article in *Xuexi shibao* in 2009 titled “Shenti zhongguo moshi” [To be Cautious in Mentioning the China Model]. Li does not agree with the idea of “China model,” and suggests avoiding mention of it. He argues that China should learn from its own developmental experience and institutional characteristics from the principle of seeking truth from the facts, rather than selling the China model. National Committee of Chinese People’s Political Consultative Conference Spokesman Zhao Qizheng wrote another article in the same issue of *Xuexi shibao* titled “Zhongguo wuyi shuchu moshi” [China Has No Intention to Export Its Model]. According to Zhao, the word “model” carries the meaning of demonstration and example, but China has no intention to demonstrate its experience for other countries to follow. Therefore, it should be very cautious when using the word model. As Zhao puts it, China model is not universal, just like the model of highly developed countries that is not universal as well.

¹⁶⁹Joshua Cooper Ramo, *The Beijing Consensus*, pp. 2–6.

increased the attraction of the China model to developing countries.¹⁷⁰ For Roma, the “Beijing Consensus” is actually a trajectory for economic and social development fitting Chinese characteristics, found through China’s continuous exploration since reform and openness. A growing number of countries have accepted the Chinese idea, and some of them even want to follow the China model. While the “Washington Consensus” is under many criticisms, the “Beijing Consensus” becomes more attractive.¹⁷¹ It is under this background that some American scholars idealize the “Beijing Consensus,” provoking a confrontation between the “Beijing Consensus” and the “Washington Consensus,” which has resulted a debate on the so-called “China’s developmental model threatening the West.”

Nixon Center senior fellow and University of Cambridge professor of political science Stefan Halper published a book titled *The Beijing Consensus: How China’s Authoritarian Model Will Dominate the Twenty-first Century* in April 2010. According to the book, “in ideational terms, China is exporting something simpler, and indeed more corrosive to Western preeminence ... This is the basic idea of market authoritarianism ... ‘going capitalist and staying autocratic.’ Beijing has provided the world’s most compelling, high-speed demonstration of how to liberalize economically without surrendering to liberal politics. Officials and leaders now travel to China from seemingly every quarter of the globe beyond North America and Europe—Southeast Asia, the Middle East, Central Asia, sub-Saharan African and Latin America—to learn from the Chinese about how to disaggregate economic and political freedom ... Beijing, of course, does what it can to promote its model—albeit softly—through speeches, conferences, summits, and exchange programs that complement the daily fare of commercial relations.”¹⁷²

According to Halper, “China’s true challenge arises from “the rise of a Chinese brand of capitalism and a Chinese conception of the international community, both opposed to and substantially different from their Western version.” For him, “in a global battle between different visions of the future and different versions of capitalism, China is the protagonist. As traditional hubs of Western power—like the International Monetary Fund (IMF) and the World Bank—are circumvented and undermined by readily available Chinese capital, these new non-Western champions of the free market are ‘beating the West at its own game.’” This is Beijing’s

¹⁷⁰Joshua Cooper Ramo, *The Beijing Consensus*, pp. 2–6.

¹⁷¹The “Washington consensus” has been criticized by more and more scholars because of its failure in practice, particularly in economic reform in Argentina and Mexico. According to Zhao Xiao, three factors have contributed to the declining popularity of the “Washington Consensus.” First, economic restructure brought about economic disaster to Latin America. Second, “shock therapy” resulted in collapse of Russian economy. Third, wrong countermeasures taken during the Asian financial crisis made regional economy even worse. Just as Nobel laureate in economics Joseph Stiglitz argues, IMF policy not only deteriorated Asian economic decline, but partly contributed to the occurrence of the crisis. See Zhao Xiao, “Cong Washington gongshi dao Beijing gongshi” [From the “Washington Consensus” to the “Beijing Consensus,” *Nanfengchuang* [South Reviews], July 16, 2004, p. 43.

¹⁷²Stafan Halper, *The Beijing Consensus: How China’s Authoritarian Model Will Dominate the Twenty-first Century* (New York: Basic Books, 2010), p. 32.

visible and growing threat to Washington. According to Halper, “China has become the symbolic leader of a growing world beyond the West, where elites embrace the power of market mechanisms and capitalist economic growth but continue to protect their choices from the demands of foreign interference and Western liberalism. This emergent society of states isn’t structured like its Western counterpart. There is no commonly accepted theory of global civic culture, no acceptance of particular moral responsibilities, and no shared obligation to act on global questions such as human rights, good governance, or climate change.” China respects firmly “for two things: national sovereignty and international markets.”¹⁷³

In the end of the book, Halper writes that, “China presents a growing challenge to America and the West. But when it comes to understanding the nature of this challenge, the core of the issue is not military or humanitarian or even economic per se. The real China challenge is political and cultural. Beijing is the catalyst in chief for two parallel trends that are coalescing to compromise the reach and influence of the Western liberal order. Developing countries and emerging markets no longer have to abide by the Western conditions of financial engagement. Nor must they choose between emulating the Western model and rejecting capitalism. In consequence, the U.S.-led system is losing leverage as a politicoeconomic bloc and losing appeal as a politicoeconomic model.”¹⁷⁴ It can be seen that this view explores deeper the impact of China’s rise on the United States and the world, including many developing countries. It puts China’s developmental trajectory as opposed to the Western position, considering the relations between them as a zero-sum game. It is a sort of China threat in a deeper sense.

6.2.3.2 “Washington Consensus”: Economic Instrument or Ideology?

The “Washington Consensus” was proposed by former PIIE director John Williamson in November 1989 in a conference discussing economic reform in Latin America. According to him, in responding to debt crisis in Latin America, various circles in Washington then urged Latin American countries “undertaking policy reform.” He summarizes the expert views in the conference as ten specific “policy instruments,” naming them as “Washington Consensus.” The name is given because these policy measures are not only the consensus within American political circle and economic agencies, but also the consensus of the Washington-based IMF, World Bank, Federal Reserve System and various think tanks. The ten policy instruments are: (1) strengthening financial discipline, reducing deficit and inflation rate, and stabilizing macro economy; (2) reordering public expenditure by switching expenditure from subsidies toward education, health, and infrastructure investment; (3) promoting tax reform to combine a broad tax base with moderate marginal tax rates; (4) liberalizing interest rates to avoid the resource misallocation

¹⁷³Stafan Halper, *The Beijing Consensus*, p. 11, 72.

¹⁷⁴Stafan Halper, *The Beijing Consensus*, p. 209.

by bureaucrats, and maintaining real positive interest rates to discourage capital flight and increase savings; (5) achieving a competitive exchange rate; (6) realizing trade liberalization and opening domestic market, opposing trade protectionism, gradually removing import licensing, and striving for maintaining import and export trade balances; (7) liberalization of inward foreign financial; (8) privatization; (9) deregulation; and (10) property rights protection.¹⁷⁵ According to Williamson's original idea, the so-called "Washington Consensus" is actually the prescription of Washingtonian policymakers for curing Latin American debt crisis and basically an economic instrument.

Since the birth of the "Washington Consensus," various interpretation to the concept appeared in the United States. Among them, two are most noticeable. First, the consensus is the neoliberal political and economic model, which advocates trade liberalization, economic marketization, enterprise privatization, and integration of global economy dominated by great powers. Second, the consensus is the "magic drug" provide by international financial institutions dominated the United States in the post-Cold War period for Latin American and East Europe countries, Commonwealth of Independent States, and other third world countries. Its aim is to urge these countries to promote a series of reform of economic and political liberalization, adopt the Western developmental model, and follow the road of "marketization and democratization." As to these different interpretations, the conceptual creator Williamson has clarified his meaning on various occasions. However, the concept of "Washington Consensus" has outstretched his original idea and become a nickname of the Western model for political and economic development.

Disagreeing with the farfetched interpretations of the "Washington Consensus," Williamson presented a paper "A Short History of the Washington Consensus" at a conference "From the Washington Consensus towards a new Global Governance" sponsored by the Center for International Relations and Development, Barcelona, Spain in September 2004. According to him, the term "Washington Consensus" was coined in 1989 after a conference convened by the Institute for International Economics in order to "examine the extent to which the old ideas of development economics that had governed Latin American economic policy since the 1950s were being swept aside." He labeled a series of policies proposed at the conference as the "Washington Consensus" then and did not realize the term would "become the center of fierce ideological controversy." Williamson therefore makes three points in the paper. First, what he called "Washington Consensus" is not neoliberal policies, but a series of policy proposals of various Washingtonian circles responding to the Latin America debt crisis. Second, "Washington Consensus" is not the nickname of political and economic reform advocated by international financial organizations such as the IMF and World Bank for Latin American, East European and other third world countries. Rather, it is concrete measures to deal

¹⁷⁵John Williamson, "What Washington Means by Policy Reform," PIIE, <http://www.iie.com/publications/papers/paper.cfm?ResearchID=486>.

with Latin America debt crisis. Third, he emphasizes again that it was not his original idea to give a strong ideological color to the “Washington Consensus” when the term was first coined, as it may arouse dispute.¹⁷⁶ In reality, however, some commentators in the West combine the “Washington Consensus” with Western political system, develop it into a neoliberal political and economic model for development, and turn it into an ideology exporting to developing countries, particularly those in the process of transition.

6.2.3.3 Does Beijing Consensus Threaten Washington Consensus?

The world is diversified, and different countries have various circumstances facing them. They need to decide their own developmental road according to specific circumstance. It is only natural for them to learn from successful experience and take lessons from failure. No universal model exists that is good for all countries. It is not a matter of who replaces whom or who threatens whom—the “Beijing Consensus” or the “Washington Consensus.” The debate in the United States is mainly around two questions. First, is the “Beijing Consensus” exemplary and transferrable? Second, does the “Beijing Consensus” have the capacity or will to threaten the “Washington Consensus?”.

Is the “Beijing Consensus” Transferrable?

As to the ever existence of the “Beijing Consensus” or the China model as well as their transferability, George Washington University professor David Shambaugh wrote an article on *China Daily* on March 1, 2010. According to him, “in order to assess whether there is such a thing as a ‘China model’ the concept must be broken down into several constituent parts of China’s development experience” to see whether they are transferable. First, “China’s political system is unique—but not transferable. The Communist Party of China (CPC) has indeed evolved a political system out of a classic Leninist/Communist/Soviet style system,” allowing for “much more intra-party democracy, public participation at the local level, and puts great emphasis on meritocracy and competent governance.” “It is different from Asian or African authoritarian systems.” Second, China’s economic system still maintains “many elements of the Soviet central planning and investment system.” The state sector of the economy accounts for 30% of the national economy, China’s collective sector and the private sector account for 30 and 40% of it, respectively. Considering the complicated relations among the three sectors, particularly the strength of national plan and macro-management, it is difficult for other countries to

¹⁷⁶John Williamson, “A Short History of the Washington Consensus,” Paper commissioned by Fundación CIDOP for a conference “From the Washington Consensus towards a new Global Governance,” Barcelona, September 24–25, 2004, pp. 1–2, p. 6, <http://www.iie.com/publications/papers/williamson0904-2.pdf>.

follow. In sum, according to Shambaugh, “while there are some individual elements of China’s development experience that are unique, they do not constitute a comprehensive and coherent ‘model’—nor are they easily transferred abroad. If anything, what is unique about China’s model is that it flexibly adapts to elements imported from abroad and grafted on to domestic roots in all fields, producing a unique hybrid and eclectic system—this is China’s real ‘model’.”¹⁷⁷

Stafan Halper argues that the “Beijing Consensus” or the China model does exist, but it is not transferable. As he puts it in the above mentioned book *The Beijing Consensus: How China’s Authoritarian Model Will Dominate the Twenty-first Century*, “When we speak about the Chinese model, we are referring in one sense to a complex set of developments and reforms in China over the last 30 years. These reforms owe their success to the unique variables of China’s own culture, demography, geography, and governing philosophies. In this sense, there is no model to speak of—no model that can be replicated or exported to places like Latin America or sub-Saharan Africa.”¹⁷⁸

Kenneth Lieberthal agreed basically with the above view that the “Beijing Consensus” is nontransferable. According to him, under the background of global financial crisis, some people think the great success of China economy is in debt to its unique model of economic development (namely, “Beijing Consensus”), and mistakenly believe the China model is better than western economic development model (namely, “Washington Consensus”). For Lieberthal, financial crisis similar to that in the Western sense has not occurred in China, as Chinese banks have not involved in nonperformance accounts similar to the subprime mortgage crisis. However, he thinks the Chinese economic model relying on cheap labors and export trade is unsustainable. First, with the decree of labor in China, its cost has increased rapidly. Second, economic stagnation in Europe, North America, and Japan make it difficult to support persistent growth of China’s foreign-oriented economy. Third, in the process of Chinese economic development, environment has been explored predatorily, with increasingly severe outcome (e.g., the shortage of drinkable water). The unbalanced development of economy has worsened the rich-poor polarization and increased social dissatisfaction. Even the middle class members are unhappy about the stably high housing price. Finally, the government widely involves business management, resulting in a series of problems of corruption, infringe of intellectual property rights, and local protectionism. Without fundamental political and economic reforms, these problems cannot be resolved. Hence, Lieberthal thinks there is no such a “Beijing Consensus” that can be followed by other countries.¹⁷⁹

Brookings senior fellow Cheng Li argued that the China model is a process of continuous exploration fundamentally when interviewed by a reporter from the

¹⁷⁷David Shambaugh, “Is there a Chinese model?” *China Daily*, March 1, 2010, http://www.chinadaily.com.cn/china/2010-03/01/content_9515478.htm.

¹⁷⁸Stafan Halper, *The Beijing Consensus*, p. 32.

¹⁷⁹Kenneth Lieberthal, “Is China Caching Up with the US?” *ETHOS*, Issue 8, August 2010.

International Herald Leader on January 3, 2011. In economic reform, China does not take the “shock therapy” adopted by other socialist countries in their transition away from the planned economy. Rather, China has adopted gradual, orderly and controllable means in pursuing reform, with continuous adjustment, modification, and correctness in the process. From this sense, the China model is transferable. As to whether it is worthwhile for other countries to learn from or follow the China model, Li argues that the China model has special features of gradualism, accommodativeness, and openness, and it is also a process of learning from other countries. That whether or not other countries are willing to learn from the China model depends on whether the China model can resolve problems facing China itself.¹⁸⁰

Does Beijing Consensus Has Capacity and Will to Threaten Washington Consensus?

China’s economic development model has won approval by some developing countries. Is it due to China’s promotion of its developmental model without reservation, or because these countries have found some active factors in the model and would like to learn from it? Halper believes China is exporting its own developmental experience and model. As he puts it in his book *The “Beijing Consensus,”* Beijing is selling the model in a moderate way in developing foreign economic relations through speech, conference, summits, and exchange programs. Even so, Halper also recognizes that the way of selling is moderate. He admits that the IMF and the World Bank often attach conditions of political reform to their aids of development to developing countries in Asia, Africa, and Latin America. Because of this, some developing countries think China’s developmental model is more attractive, with higher efficiency.¹⁸¹

In a slight different way, Carnegie senior associate Robert Kagan thinks that the Chinese government has not intentionally advocated its developmental model. As he argued when participating in a question & answer program with *Finance Times* columnist Gideon Ranchman on January 22, 2008, “There’s no question that China is an attractive model for autocrats who would like to be able to pursue economic growth without losing control of the levers of power. Recall that the consensus in the West during the 1990s, and perhaps even today, was that economic growth must necessarily produce democratic government, as growing middle classes demand greater political rights. China provides a stark example of remarkable economic growth without political liberalization ... Are China and Russia actively exporting authoritarianism? I would say no. They do not hold universalist principles of the

¹⁸⁰Cheng Li, “Zhongguo moshi xuyao baochi baorong yu kaifang” [China Model should be Accommodative and Open], *International Herald Leader*, January 3, 2011, http://www.brookings-tsinghua.cn/research-and-commentary/2011/cheng-li_20110103.aspx.

¹⁸¹Stafan Halper, *The Beijing Consensus*, p. 32.

kind that inspired Marxism-Leninism. On the other hand, there should be no doubt that by the force of their example, and also by their power to influence the international system—at the UN and elsewhere—they are making the world safer for autocracies.”¹⁸² Of course, Kagan is unhappy with the China model, considering economic development model of China and Russia as liberal capitalism, which accepts developmental model of market economy without accepting Western political model. He even argues further from the point that “the world is already dividing up along authoritarian/democratic lines, and will do so more in the years to come.”¹⁸³

PIIE’s John Williamson argued when being interviewed by the institute’s chief editor Steve Weisman on November 2, 2010 that “most people who are simply talking about it seem to be non-Chinese. They are very much foreigners intruding on the Chinese debate.” Williamson said that he took a cynical view about the “Beijing Consensus” as there is not a lot of content in the concept. “There’s no list of propositions comparable to those that I suggest constituted the Washington Consensus.” Even so, he identified four things in the “Beijing Consensus.” First, China adopts “an experimental approach to things and see what works and try things one at a time, rather than committing everything on one absolute theory,” that is, to touch the stones when crossing the river. Second, China is committed to a very experimental approach. Third, although China still has many state firms, they clearly are floating within a capitalist framework. A more balanced perspective is needed in observing China’s state firms. Fourth, although some Chinese leader is talking about reform on China’s political system, one cannot “say that China is a great example of democracy.”¹⁸⁴ Regardless of the correctness of Williamson’s view, he is undoubtedly right that the “Beijing Consensus” is indeed mentioned by foreign scholars rather than Chinese scholars. It is the view of foreign scholars and heatedly debated among them; Chinese scholars have not conceptualized the idea and seldom joined the discussion.

The world is diversified. Different countries in different historical period may follow various models and roads in economic development according to specific circumstances. For example, Britain had mainly adopted Keynesianism economic policy over the three decades since the end of World War II before it switched to Thatcherism with privatization as its core during the Thatcher administration in the end of the 1970s. Meanwhile, new economies in East Asia also adopt East Asian Model different from political and economic politics of neoliberalism and created economic miracles of four small Asian dragons.

It is a pity that scholars criticizing the China model are not seriously exploring issues from the perspective of economics. They are not discussing the

¹⁸²Robert Kagan, “Illiberal Capitalism,” *Financial Times*, January 22, 2008, <http://www.ft.com/cms/s/2/f820a134-c509-11dc-811a-0000779fd2ac.html#axzz4KKLWIN2b>.

¹⁸³Robert Kagan, “Illiberal Capitalism.”

¹⁸⁴John Williamson, “Beijing Consensus versus Washington Consensus?” Interview by Steve Weisman at PIIE on Nov. 2, 2010, <http://www.iie.com/publications/interviews/pp20101102williamson.pdf>.

accomplishments and shortages in China's modernization, but idealizing the concept in economic sphere and relating it to political liberalization. Thus, the discussion has diverted from economic policies per se, falling into ideological debate.

Over the past three decades of reform and opening, China has found a developmental road suiting to Chinese circumstances and accumulated certain experiences, some of which can provide references to developing countries. Some countries recognize China's developmental experiences and offer positive evaluation of the active factors in Chinese economic and social development. This is not the outcome of the Chinese government's international promotion. Some American scholars regard China's activities and experiences as an ideological model and image a threat from China, reflecting in some sense their worries and even panics to China's rapid rise.

6.3 Thank Tanks and Debate on “China’s Responsibilities”

On September 21, 2005, U.S. Depute Secretary of State Robert Zoellick deliver a long speech on NCUSCR, comprehensively elaborating U.S. China policy.¹⁸⁵ Zoellick asked China to demonstrate responsible attitude on bilateral, multilateral and international relations as well as China's domestic issues. His speech stimulated another round of discussion in American academia: whether or not China is a responsible stakeholder.

6.3.1 *The Meanings of China's Responsibility*

As Zoelleck mentioned in the above speech, China has embraced globalization rather than detaching themselves from it since reform and openness in 1978. The United States has “recognized this strategic shift and worked to integrate China as a full member of the international system.” China's economic capacity has continuously grown with increasing influence in the world. Facing a rising China, the United States need to know whether China can rise peacefully and how China will use its influence after rise. The United State not only encourages China to integrate itself into the current international system and observe international rules, but also encourage China to become a responsible stakeholder of it, working together with America to maintain and strengthen the system. China needs to demonstrate its responsibility on a series of issues, including demonstrating military transparency, reducing U.S.-China trade deficit, protecting intellectual property, adjusting currency policy, developing diverse sources of energy, promoting political reform, and

¹⁸⁵Robert B. Zoellick, “Whither China: From Membership to Responsibility?”.

taking more responsibilities in areas of nonproliferation, antiterrorism, Sudan's human crisis, Afghanistan and Iraq reconstructions, and Asia-Pacific multilateral cooperation. In the end of the speech, Zoellick said that the United States would "look to the evidence of actions" to see whether China would follow the road of peaceful rise. In other words, "As a responsible stakeholder, China would be more than just a member—it would work with us to sustain the international system that has enabled its success."¹⁸⁶

The general tune of Zoellick's speech is positive. But he did not clearly state whether China is a responsible stakeholder at that time. Rather, he emphasized that the United State need to encourage China to become a responsible stakeholder in the international society. His speech aroused a widespread interest and heated discussion in American political and academic circles.

The National Bureau of Asian Research organized a roundtable discussion on the issue in December 2005, participated by University of California at Los Angeles professor Richard Baum, Boston College professor Robert Ross, CSIS senior fellow Kurt Campbell, and James Kelly who had just left his position as Assistant Secretary of State.¹⁸⁷ The four experts share some common views.

First, Zoellick's speech has inserted strategic clarity into Bush administration confusing statements on China in his first term and prepared a basis of China policy for his second term, providing a roadmap guiding U.S.-China relations. As Baum puts it, according to Zoellick, the United States recognizes the important differences between China's peaceful embrace of globalization and the more aggressive Cold War posture adopted by the former Soviet Union, namely, "China does not want a conflict with the United states." Countering the argument that "China and the United states are destined by the very logic of great power politics to become strategic competitors," Zoellick envisions a future of potentially harmonious U.S.-China relations. The Bush administration had a confusing China policy in his first term, sending Beijing "inconsistent and sometimes self-contradictory signals." Zoellick's speech aims at clarifying the Bush administration's China policy in his second term and ensuring policy stability. The main theme of his speech is that the United States welcomes China's peaceful rise, but the rising China should take necessary international obligations, and the United States therefore should "hedge against possible adverse turns in China's development."¹⁸⁸

Second, Zoellick's speech indicates that the position of engaging China in developing a constructive relationship has taken an upper hand in the internal debate on China policy within the Bush administration. According to Campbell, Zoellick has argued for a policy of continued broad engagement and productive

¹⁸⁶Ibid.

¹⁸⁷Richard Baum, James A. Kelly, Kurt Campbell and Robert Ross, "Whither U.S.-China Relations?—Roundtable Discussion," *NBR Analysis*, Volume 16, December 2005, http://www.nbr.org/publications/analysis/pdf/Preview/vol16no4_preview.pdf.

¹⁸⁸Richard Baum, "Zoellick's Roadmap and the Future of U.S.-China Relations," Richard Baum, James A. Kelly, Kurt Campbell and Robert Ross, "Whither U.S.-China Relations?" *NBR Analysis*, Vol. 16, Dec. 2005, pp. 7–21.

cooperation between the United States and China, the “rising behemoth in Asia.” The speech, coming just before the release of the Pentagon’s annual report on China’s military power was “a necessary check on the increasing trend in some republican circles to portray China publicly as the next strategic rival and military threat facing the United states.” Campbell argues that some sections of the speech were indeed “directed squarely at the authoritarian leaders in Beijing.” But the majority of the speech was intended for the domestic U.S. audience, particularly those most inclined to view China as the next great threat to the United States. As Zoellick clearly pointed out, contemporary China was different from former Soviet Russia or imperial Germany. This has forcibly support the view of engaging China and advancing bilateral cooperation.¹⁸⁹

Third, China has actually demonstrated acute interest in maintaining current international system. According to Kelly, Zollick spoke at a moment when the outside world felt doubts and concerns about China’s rise. Many people thought the Bush administration’s policies were aimed to contain China. Economically, the huge trade deficit emerging between China and the United States has raised fevers among U.S. Congress. In particular, Zoellick emphasized that the United States should not contain China. Nor should it “recruit Asian countries into some sort of a coalition designed to block or oppose China,” which is unnecessary. He also recognized that the rise of China “presents political, military, and economic uncertainties, which is precisely why the United states and its allies hedge against possible adverse turns in China’s development.” Kelly “mildly disputes” Zoellick’s points at urging China to become a responsible stakeholder in the international system. According to Kelly, “China need not be urged to become a *stakeholder* because Beijing already holds an acute interest in the strength and stability of the international system that has enabled China’s growth.” Rather, Beijing should act more in accordance with its already huge stake in a working and effective global system. For Kelly, “China is a great power now, and Washington needs to be able to interact constructively with Beijing.” Washington should realize that as a great power, “China is pursuing a steady build-up of a navy as well as other forces capable of projecting power well beyond its borders. Such goals should not necessarily be viewed as a threat.”¹⁹⁰

Fourth, China is the stakeholder of current international system. According to Robert Ross, “on many fronts, China has already become just as much a stakeholder in the international order as has the United States.” He makes comments on Zoellick’s requirement of China. “Zoellick suggested that China, as a responsible member of the international community, should pursue resources such as Sudanese oil in tandem with sincere efforts to help resolve that country’s humanitarian crises.

¹⁸⁹Kurt M. Campbell, “Zoellick’s China,” in Richard Baum, James A. Kelly, Kurt Campbell and Robert Ross, “Whither U.S.-China Relations?” pp. 23–28.

¹⁹⁰James A. Kelly, “United States Policy Toward China: A Timely Restatement,” in Richard Baum, “Zoellick’s Roadmap and the Future of U.S.-China Relations,” in Richard Baum, James A. Kelly, Kurt Campbell and Robert Ross, “Whither U.S.-China Relations?” *NBR Analysis*, pp. 29–32.

China is, however—in contrast to the United States—currently participating in United Nations’ peacekeeping activities in the Sudan, a fact that only underscores China’s emergence as one of the more active contributors to worldwide UN peacekeeping operations. Similarly, ever since China’s admission to the World Trade Organization (WTO) in 2000, Beijing has become one of the more constructive forces in the promotion of free trade.” Beijing has frequently aligned with Washington in opposition to some other WTO members’ policies and behavior that disobey international economic rules. “Rather than pursue a unilateralist foreign policy, China actively participates in global and regional multilateral institutions and in multilateral confidence-building measures.” Finally, Ross points out: “A mature and constructive U.S. policy toward China does not require China to accommodate itself to U.S. values or conceptions of a just global order. Such a policy must respond to the rise of China with rigorous regional security and defense policies as well as self-interested economic policies, all while simultaneously acknowledging the existence of legitimate conflicts of interests between China and the United States. Such foreign policy candor and realism will best enable the United States to use its capabilities to secure Chinese cooperation in ways that align with U.S. interests.”¹⁹¹

6.3.2 Is China a Responsible Stakeholder?

In his speech, Zoellick did not clearly mention whether China is currently a responsible stakeholder. Therefore, this question has become important in the debate among American political and academic circles, including the think tanks. In fact, only minority holds a clear answer of yes or no to the question. Majority scholars believe China is becoming a responsible stakeholder in the international society. By variously interpreting Zoellick’s concept, scholars emphasize different dimensions of the concept and use it to measure China’s domestic and foreign policy, therefore getting different conclusion.

6.3.2.1 China Is Becoming “a Responsible Stakeholder”

On June 17, 2007, the Carnegie sponsored a seminar on “China as a Responsible Stakeholder,” participated by Bates Gill, Dan Blumenthal, Michael Swaine and Jessica Mathews.¹⁹² According to Bates Gill, China’s domestic policy and

¹⁹¹Robert Ross, “Toward a Stable and Constructive China Policy,” in Richard Baum, “Zoellick’s Roadmap and the Future of U.S.-China Relations,” Richard Baum, James A. Kelly, Kurt Campbell and Robert Ross, “Whither U.S.-China Relations?” *NBR Analysis*, Vol. 16, Dec. 2005, pp. 33–36.

¹⁹²Bates Gill, Dan Blumenthal, Michael Swaine, and Jessica Tuchman Mathews, “China as a Responsible Stakeholder,” Monday June 11, 2007, Washington, D.C., http://www.carnegieendowment.org/files/070622_transcript1.pdf.

diplomatic practice have clearly indicated that China is becoming a more responsible stakeholder in world affairs.” He points out that Beijing is “taking actions at a global and regional level which by and large are more convergent with U.S. interests, regional expectations and international institutions while making contributions to regional and global security, stability and prosperity.” As he argues, “the most striking feature of Chinese global security and economic policy is its *acceptance* of international norms within a system largely built by the United States, *not* its resistance to them.” Over the past ten years, the Chinese government has taken more responsible measures in international affairs, including (1) actively participating in the nonproliferation system, narrowing the scope, frequency and technical content of China’s WMD-related exports, signing on to and adhering to nearly every major international arms control treaty, jointly resolving the nuclear threats posed by North Korea and Iran, and joining the U.S.-led Container Security Initiative (CSI) and Proliferation Security Initiative (PSI); (2) actively participating in and even creating bilateral and multilateral security dialogues and confidence building measures in Asia, and participating in military-to-military diplomacy, aimed to stabilize Asian security, such as actively participating in the Association of Southeast Asian Nations (ASEAN) Regional Forum (ARF), creating Shanghai Cooperation Organization, engaging political, economic, security, educational, and cultural exchanges with Central Asian neighbors, “investing heavily in the success of the Six Party Talks on Korean peninsula security and taken a leading role in nudging that process in positive directions;” (3) ensuring energy security by using economic means and relying on the international marketplace for its needs, rather than resorting political or military means to resolve energy needs; (4) actively expanding China’s development aid and humanitarian assistance to developing countries, most peculiarly being the Beijing Action Plan coming out of the 2006 Forum on China-Africa Cooperation; (5) actively participating in U.N. peacekeeping activities; (6) maintaining an open, rules-based trading system; and (7) playing an important role in responding to humanitarian crisis in Darfur, Sudan, in terms of human rights.¹⁹³ In short, China is moving toward the positive direction, and becoming responsible stakeholder in the international society.

David Shambaugh of the George Washington University published an article titled “The New Strategic Triangle: U.S. and European Reactions to China’s Rise” in 2005, considering the rise of China as one of the fourth great trends shaping new world order in the future. He thinks China is playing more responsible role in the international stage. According to him, China continues to participate in global affairs, playing a more and more important role in anti-terror, responding to environment deteriorating and global warming, ensuring energy security, cracking down transnational crime, participating in international peacekeeping and nation-building, maintaining the nonproliferation system, advancing public health and maintaining the stability of global financial system. Shambaugh says that

¹⁹³Bates Gill, “China Becoming a Responsible Stakeholder,” *Reframing China Policy: The Carnegie Debate*. June 17, 2007, http://www.carnegieendowment.org/files/Bates_paper.pdf.

despite the dispute between the United States and European countries on their strategies toward China, their China policies are basically based on the same point. Both hope to urge China to understand and observe current international norms and gradually integrate itself into international system dominated by the West through encouraging China to comprehensively participate in international affairs as much as possible while increasing its interest in the world system, therefore to shape China as a stakeholder observing the international rule of game and prevent it from becoming a revisionist country challenging the international system.¹⁹⁴

On August 3, 2006, U.S. Deputy Assistant Secretary for East Asian and Pacific Affairs Thomas Christensen testified before the USCC with the topic of “China’s Role in the World: Is China a Responsible Stakeholder?” As he puts it, “The U.S. uses each and every one of these opportunities to encourage China to work with us, in advance of common interests, to build and strengthen the global system, advance global peace, security, and prosperity.” The United States also uses them “to urge China to move more quickly toward strengthening respect for human rights and religious freedom, as well as introduce democracy to its system.” Christensen is optimistic that China will play an active and positive role in the international system for two reasons. “First, China has bet its future on globalization and its ability to succeed in the global system. The Chinese people have reaped tremendous economic benefits over the past two decades from China’s opening and engagement with the global economy. China can succeed only if the global system from which it derives benefit does as well. This gives China an enormous stake in the success of the global system.” Second, China has “realized, and will continue to find, that the more it becomes a major part of the global system, the more its interests align with those of other major stakeholders,” including the United States. He quotes the remarks of U.S. Secretary of State Condoleezza Rice that U.S. work on North Korea at the UN is strong evidence of “the U.S.-China relationship working to solve problems in international politics.”

Of course, Christensen also mentions many areas in which the United States and China have very different views, including human rights, religious freedom, trade and economic imbalances, non-proliferation, and China’s military. Finally, he concludes: “China’s global emergence is a natural consequence of its economic growth and development, and need not be seen as a threat to the United States. It does present challenges as well as opportunities. Through a strategy of preserving U.S. regional and global strength and engaging China constructively, we are working hard to ensure that China recognizes its own interest in supporting and strengthening the international system. I think China increasingly recognizes this interest and we are making progress in many areas of mutual concern ... We have

¹⁹⁴David Shambaugh, “The New Strategic Triangle: U.S. and European Reactions to China’s Rise,” *The Washington Quarterly*, Vol. 28, No. 3, Summer 2005, pp. 7–25.

already seen that the areas of mutual interest have grown over the past 27 years.”¹⁹⁵

On August 4, the next day, U.S. Principle Deputy Assistant Secretary of Energy Katherine Fredriksen testified before the U.S.-China Economic and Security Review Commission. During the testimony, Fredriksen elaborates Chinese energy policy in details, including offshore oil exploitation, improving energy efficiency, developing renewable energy, increasing import of petroleum, and developing overseas investment. She also introduces in details U.S.-China series of cooperation on energy within multilateral and bilateral mechanisms, including U.S.-China Energy Policy Dialogue. The two parties have convened the U.S.-China Oil and Gas Industry Forum and cooperated in the peaceful use of nuclear technology. “China is becoming an active member in the Asia-Pacific Economic Cooperation’s Energy Working Group. They are also a key participant in U.S.-led international science and technology initiatives such as the International Partnership in the Hydrogen Economy and the Carbon Sequestration Leadership Forum.” Fredriksen concludes that China has the potential to become responsible stakeholder. “While there are many notable differences in our approaches, cooperation between our two countries will continue to promote greater energy security ... The U.S. has an important role to play in encouraging China to adopt responsible energy policies and strategies that place China in full accord with international forums ... We are committed to continuing our efforts to encourage China to become a prosperous nation,” and “a responsible stakeholder in the international system.”¹⁹⁶ Her statement reflects an optimistic view on effective U.S.-China cooperation on energy within the bilateral or multilateral framework.

6.3.2.2 China Is not a “Responsible Stake-Holder”

Some scholars clearly argue that China has not become a responsible stakeholder yet. As Dan Blumenthal of the AEI put it in the abovementioned debate at the Carnegie, the concept of responsible stakeholder proposed by Zoellick requires China not merely derive benefits from the international system, but, more importantly, “work to protect and strengthen the international system” created by the

¹⁹⁵Thomas Christensen, Deputy Assistant Secretary of State for East Asian and Pacific Affairs, “China’s Role in the World: Is China a Responsible Stakeholder?” Statement before the U.S.-China Economic and Security Review Commission, August 3, 2006, <http://origin.www.uscc.gov/sites/default/files/transcripts/8.3-4.06HearingTranscript.pdf>. Christensen expresses similar arguments in an article published on October 30, 2005 at Harvard Hoover Institute’s *China Leadership Monitor*. See Thomas Christensen, “Will China Become a ‘Responsible Stakeholder?’ The Six Party Talks, Taiwan Arms Sales, and Sino-Japanese Relations,” *China Leadership Monitor*, October 30, 2005, http://media.hoover.org/sites/default/files/documents/clm16_tc.pdf.

¹⁹⁶Katherine A. Fredriksen, Principal Deputy Assistant Secretary, Office of Policy and International Affairs, United States Department of Energy, “China’s Role in the World: Is China a Responsible Stakeholder?” Statement before U.S.-China Economic and Security Review Commission on August 4, 2006, <http://origin.www.uscc.gov/sites/default/files/transcripts/8.3-4.06HearingTranscript.pdf>.

United States. While China “has taken low-cost actions to help solve some of the challenges to the system, it has done so to alleviate U.S. pressure. It still refuses, however, to take high-cost or risky actions to sustain the international system. When it comes to tradeoffs between narrow interests such as oil, or thwarting threats to the system, it has chosen the former.” He analyzes in details China’s performance in six areas, including nonproliferation, Asian security, energy security, economic development and assistance, open and rule-based market, and peacekeeping and humanitarian intervention against state-sponsored genocide, and concludes that “it is difficult to count China as a responsible stakeholder” measured against the definition proposed by Zoellick. He claims that Chinese economic aid to the North Korea has weakened the effectiveness of U.S. sanction; China’s tough position in the East China Sea issue has speeded up its confrontation with Japan; China has entered markets of some countries under U.S. sanctions to ensure its own energy security; China’s economic assistance to the most underdeveloped countries have given “corrupt or repressive regimes alternatives” in their political choice; China fails to take a leadership role in Doha round trade negotiations and provide sufficient protection of American intellectual property rights; and China’s adherence to the nonintervention policy has made the jobs of UN peacekeeping more complicated. In the end, Blumenthal argues that in order to make China meet the standards of responsible stakeholder defined by the United States, it is necessary to “push China to become a responsible stakeholder by accepting democratic norms, transparency in security affairs and other key elements of the international system.” The only approach to it is to urge China to take “internal reform” following the road of Western political liberalization.¹⁹⁷ It can be seen that Blumenthal’s goal is to Westernized China.

Similar to Blumenthal, Aaron Friedberg of Princeton University, former Deputy National Security Advisor, also thinks that China has not become a responsible stakeholder yet. When participating in an international symposium *The Rise of China and Its Limits: China at the Crossroads* sponsored by the National Institute for Defense Studies (NIDS) affiliated with Japanese Ministry of Defense on February 1, 2007, Tokyo, Friedberg presented a paper titled “What Does It Take for China to be a ‘Responsible Stakeholder’?” In the paper, he criticizes heavily Chinese positions on the issues of the North Korea and Iran nuclear weapons, Darfur of Sudan, and Chinese currency, paralleling to Blumenthal’s argument. He claims to modify “Beijing’s behavior will likely require carrots and sticks as well as dialogue.”¹⁹⁸

The views of Blumenthal and Friedberg are unilateral with bias. With China’s peaceful rise and growing integration into the world, Beijing has taken increasing

¹⁹⁷Dan Blumenthal, “Is China at Present (or Will China Become) a Responsible Stakeholder in the International Community?” Reframing China Policy: The Carnegie Debate, June 17, 2007, http://www.carnegieendowment.org/files/Blumenthal_Responsible%20Stakeholder%20Final%20Paper.pdf.

¹⁹⁸Aaron L. Friedberg, “What Does It Take for China to Be a ‘Responsible Stakeholder’?” The National Institute for Defense Studies (NIDS), International Symposium on Security Affairs, 2007, Tokyo, Japan, pp. 83–93, http://www.nids.go.jp/english/event/symposium/pdf/2006/e2006_10.pdf.

responsibilities to the international system. As pointed out by Gill, Shambaugh, Christensen, Fredriksen and like scholars and officials, China has played an important role in global and regional affairs, such as counter-proliferation (e.g. the nuclear issue of North Korea and Iran), regional security, world economic development, climate change, and energy security, and demonstrated its image of responsible great country. In the wake of the 2008 global financial crisis, China has clearly propose a strategy of “pulling together in times of trouble”(tongzhou gongjin, gongti shijian), and put it into practice by adopting timely measures of stimulating economy and actively participating in international multilateral mechanism, making positive contribution to stabilizing domestic economic and promoting the recovery of world economy. In responding to climate change, China actively participated in the United Nations Climate Change Conferences convened in Copenhagen, Cancún and Durban to work together with Brazil, South Africa, and India and maintain the basic principle of UN Framework Convention on Climate Change and unity of international community. It has played a constructive role and made contribution to global governance on climate change. In brief, China has gradually established an image of a responsible great power.

6.4 Summary

This chapter analyzes three different views of American think tanks regarding China over the past two decades, that is, the argument of China collapse, China threat and China responsibility. It is clear in the early stage of post-Cold War period, the argument of China collapse was popular in the academia—with the influence of “the end of history”—but faded out gradually later on. While the representative of such argument Gordon Chang still advocates that China is going to collapse, most scholars despise the argument. Meanwhile, the argument of China threat has always existed in academia since the end of the Cold War, with various versions, such as military threat, economic threat and threat of China’s developmental model. As China further increases its capacity and rises, the argument of China threat will enjoys certain popularity with various versions in different periods of time. This is the often-mentioned issue of strategically mutual distrust between China and the United States. To increase strategic mutual trust, the two parties need first of all to increase communication and reduce suspicions, frankly and deeply expressing their strategic interest and intention and avoiding empty talks, in order to prevent misunderstanding, misreading, and misperception and mitigate security dilemma. Second, the two parties should promote mutual cooperation, starting from one specific issue with visible outcome so as to increase mutual trust gradually. This is a long and incremental process. It is unrealistic to expect the two countries to resolve the issue of mutual trust once for all. The mainstream scholars in China and the United States share the same view on this point.

Among the three views on China, the argument of responsible stakeholder will probably become an outstanding topic in China policy debate among American

academic circle in general and think tanks in particular for a foreseeable future. As China has increased its comprehensive capacity and played more important role in the world, not only the United States and other Western countries, but also some developing countries will expect China to take more international responsibility. Chinese scholars cannot avoid this issue. Rather, they need to respond to bilateral, multilateral, and global issues positively. With caution and farsightedness, China can propose a reasonable way to undertake international responsibility fitting its own capacity and capability. As regards some unpractical and unreasonable demands, China can explain it to the international community frankly and obtain its understanding.

The United States is a plural society, with many different views on the same question, not to mention such complicated issues as China and U.S.-China relations. Debate on U.S. China policy in think tanks will continue, with different issues at different time periods. However, China has made a strategic choice to take a road of peaceful development and integrate itself into the world through globalization. This has been the case since the end of the Cold War two decades ago, and will still be the case in the future. Regarding its relationship with America, the Chinese leaders always pay a great attention to it, and are determined to develop the bilateral corporation partnership based on mutual respect and benefits. The two countries have competition between them, but their mutually supplementary interests are more important.

Through continuous conflicts and cooperation in terms of China-U.S. relations since the end of the Cold War, American think tanks have gradually developed the mainstream ideas of recognizing comprehensive common interest between the two countries, supporting a cooperative partnership, and jointly handling global challenges, due to substantial benefits for Beijing and Washington resulted from the bilateral relations over the past three decades. With the growth of China's comprehensive national capacities, this bilateral relationship has become more and more important for the United States and the international community. As Dr. Kissinger mentioned in an academic conference in memory of the normalization of China-U.S. relations in January 2010, the bilateral relationship over the past three decades has help to maintain peace and stability in the world, and shape a new world in the next 30 years to come.

Appendix

Main U.S. Think Tanks Concerning China

American Enterprise Institute for Public Policy Research (AEI)
American Foreign Policy Council
Asia-Pacific Center for Security Studies
Asia Society
The Atlantic Council of the United States
The Brookings Institution
The Carnegie Endowment for International Peace
The Carter Center
The Cato Institute
Center for American Progress (CAP)
Center for China-United States Cooperation (CCUSC), University of Denver
Center for Chinese Studies, University of California, Berkeley
The Center for Naval Analyses Corporation (CAN)
Center for a New American Security (CNAS)
Center for Strategic and International Studies (CSIS)
Council on Foreign Relations (CFR)
The East-West Center
Edmund A. Walsh School of Foreign Service, Georgetown University
Fairbank Center for Chinese Studies, Harvard University
The Foreign Policy Association (FPA)
Foreign Policy Research Institute (FPRI)
The Heritage Foundation
The Henry L. Stimson Center
The Hoover Institution on War, Revolution and Peace, Stanford University
The Hudson Institute
The Institute for Defense Analyses
Monterey Institute of International Studies
National Committee on American Foreign Policy (NCAFP)
New American Foundation (NAF)
The Nixon Center
The Paul H. Nitze School of Advanced International Studies (SAIS)

The Peter G. Peterson Institute for International Economics (PIIE)
The Pew Center on Global Climate Change
The Progressive Policy Institute
The Project for the New American Century, PNAC
The RAND Corporation
The United States Institute of Peace (USIP)
The Weatherhead Institute of East Asia Studies, Columbia University
The Woodrow Wilson International Center for Scholars (WWC)

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